

## MAPPING STUDY

Providing Additional Insights and Roadmap for the Buyers' Forum



April 28, 2015

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## **IDH The Sustainable Trade Initiative**

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## LIST OF ACRONYMS AND ABBREVIATIONS

ACGIH	American Conference of Government Industrial Hygienist
APTMA	All Pakistan Textile Mills Association
BGPs	Better Ginning Practices
BOD	Biochemical Oxygen Demand
BWMPs	Best Water Management Practices
CBI	Centre for the Promotion of Imports from Development Countries
CETP	Combined Effluent Treatment Plant
CFCs	Chlorofluorocarbons
CM	Chemical Management
CO	Carbon monoxide
COD	Chemical Oxygen Demand
CSR	Corporate Social Responsibility
EFP	Employers Federation of Pakistan
EKN	The Embassy of the Kingdom of the Netherlands
EPA	Environmental Protection Agency
EPD	Environmental Protection Department
EU	European Union
FPCCI	Federation of Pakistan Chamber of Commerce and Industry
FRP	Fiber Reinforced Plastic
GDP	Gross Domestic Products
GEF	Global Environment Facility
GIZ	German International Cooperation
GSP	Generalized System of Preferences
GWH	Gega Watt Hour
HCFCs	Hydro Chlorofluorocarbons
ID	Induced Draft
IFC	International Finance Corporation
ILO	International Labor Organization
ILS	International Labor Standards
ITC	International Trade Centre
LMIC	Labor Market Information Cell
LMIS	Labor Market Information System
LPG	Liquefied Petroleum Gas
LTFF	Long Term Financing Facility
MLFS	Multilateral Fund Secretariat

MSDS	Material Safety Data Sheets
NGOs	Non Governmental Organizations
NOC	No Objection Certificate
NOx	Oxides of nitrogen
NVAS	Non Value Added Activities
ODSs	Ozone Depleting Substances
OHS	Occupational Health and Safety
OSH	Occupational Safety & Health
PCGA	Pakistan Cotton Ginning Association
PILER	Pakistan Institute of Labor Education and Research
POPs	Persistent Organic Pollutants
PPE	Personal Protective Equipment
PRGMEA	Pakistan Readymade Garment Manufacturers and Exporters Association
PSF	Polyester Staple Fiber
PTEA	Pakistan Textile Exporters Association
PWF	Pakistan Workers Federation
REEE	Renewable Energy and Energy Efficiency
RMG	Readymade Garment
RO	Reverse Osmosis
SCORE	Sustaining Competitive and Responsible Enterprises
SCP	Sustainable Consumption and Production
SEDF	South Asia Enterprise Development Facility
SMEDA	Small and Medium Enterprises Development Authority
SMEs	Small and Medium Enterprises
TDAP	Trade Development Authority of Pakistan
TLV	Threshold Limit Value
ToT	Training of Trainers
UN	United Nations
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNIDO	United Nations Industrial Development Organization
VFD	Variable Frequency Drive
VOC	Volatile Organic Compounds

## Executive Summary

### Background

Textile sector of Pakistan has greatest potential to prosper and increase its share in world export under new GSP+ status. International Labor Organization (ILO), International Finance Corporation (IFC) and Dutch Embassy, have set up Buyers' Forum in December, 2014, in Islamabad. The main function of the Buyers' Forum is to support the improvement of working conditions and compliance with labor and environmental standards in Pakistan's textile industry, ensuring the sector remains attractive to international buyers. The Buyers' Forum required a deeper insight in the key opportunities to further drive performance in the Pakistani supply base in the areas of labor, environment and productivity. In order to provide these insights, additional efforts were necessary. IDH has taken up this task. IDH proposed to make a holistic overview of key improvement areas and interventions in Pakistan that could have the potential for impact at scale.

### Textile Sector of Pakistan

Textile sector is the most important sector under manufacturing which accounts for 8% of GDP with significant potential for growth. It employs 40% of industrial sector's workforce (3.15 million), using 40% of bank credit given to the industrial sector and accounting for nearly 55% of Pakistan's exports. In addition, this sector provides livelihood to more than 10 million farming families. Pakistan's export of textile and clothing was US\$ 10,479 billion in July-March (2013-14). Energy crisis impacted textile sector for about seven years (2007-2014). At the beginning of the crisis, industry faced many hardships to implement energy alternative technologies (coal and biomass) as they were neither tuned nor trained for these technologies. The implementation of these energy alternative technologies, their low performance efficiency, interruption in production shifts due to change over from one energy source to other, non availability of fuel, and skyrocketing price of energy, resulted in 25% increase in the energy cost and 5% overall cost of production. This shift took about five years. Now industry is acclimatized with these technologies and the situation. The energy prices are stable and energy issue is now somehow manageable.

### Overall Labor Employment Status

Total labor force in Pakistan is 59.74 million. Out of which 56.01 million is the employed labor force and 3.73 million unemployed. The male and female proportion in the employed labor force is 78% and 22%, respectively. The manufacturing sector employs 14.1% of total employed workforce (7.89 million), out of which, male and female proportion is 6.52 million (15% of total male employees) and 1.34 million (10.7% of total female employees), respectively. *Textile sector employs about 40% of the employed workforce of manufacturing sector i.e. 3.15 million. It includes 2.61 million males (83%) and 0.54 million female (17%).* In Sind (mostly Karachi city) province, female have more trend towards job in the garment factories whereas in Punjab, female are reluctant to join these factories due to cultural and social norms. In Sind, female and male proportion, in the garment factories, is 40% and 60%, respectively whereas in Punjab it is only 20% and 80%. Female in these factories are involved in jobs like supervision, quality inspection, clipping, business promotion, marketing, designing, production management, operators, helpers, security and housekeeping.

### Labor Standards Compliance Status

Major issues associated with non compliance of labor standards are generally the vagueness in the labor laws where language is difficult to understand and employers interpret its clauses as per their own understanding, perception and convenience. Different employment models

such as regular employment, contract employment, daily wagers and piece rate employees are followed by the textile industry. The contract employees (40%) are not provided benefits as per laws. Awareness and sensitization of the laws is missing at employer and employees level. Labor inspection is ineffective and having no contributing role in the compliance.

Mostly large size and direct export industries comply with most of the labor standards such as non discrimination among male and female employees, provision of leaves, maternity benefits to female workers, provision of social security, old age benefits and workers compensation, allowing working and overtime hours and paying minimum wage as per laws' provisions, establishing workers welfare councils, conducting workers medical examination, provision of canteen, and maintaining hygiene latrines and urinals. Most of these benefits are only for the permanent employees of these industries. The provisions of the local laws for the employment of disabled persons and establishment of fair price shop are not being followed by most of the textile industries. The forced and child labor is generally not an issue of the textile sector except few spinning and weaving mills employ child labor. Trade unions are not encouraged, may be due to some strong clashes between industry and unions in the textile sector in the past which affected the industrial progress.

Most of the small and few medium sized textile industries generally do not comply with labor standards. One of the major root causes of this non compliance is the contract employment model which is only meant for fixed wage to the worker without any other benefit or safeguard under labor law.

*It is estimated that about 50% of textile workforce (1,500,000), mostly employed in small and medium sized industries (45%), with some proportion in the large industries (5%), are not safeguarded under labor laws.*

### **Recommendations for Labor Standards Compliance**

Major recommendations to improve labor standards compliance are to conduct nationwide survey of workers employed in different categories of the industries to evaluate labor standards compliance status by type of industry; there should be efforts to increase registration of workers of the textile industries in social security, workers welfare fund and employees old age benefit institution through labor departments; labor market information system (LMIS) is good initiative of Punjab Government which should be made effective especially for the compliance of labor standards; labor laws need revision and clarity where employment models should clearly be defined and stated along with provisions attached with each model; creation of adequate complaint cells and help lines for workers; sensitization, capacity building and strengthening of the functionaries of labor departments; initiate steps for FPCCI and Pakistan's main Chambers of Commerce to liaise between the Federal/ Government, the Provincial Authorities and the relevant trade sector associations in order to assist with the implementation of the requirements under 27 Conventions at firms' level; capacity building programs should be conceived and implemented through cooperation among Government, industry, relevant donors and EU importers, in order to train Pakistani producers and exporters on EU's GSP+, and other EU requirements; there should be frequent surprised compliance audits from buyers or from other organizations; labor inspection system is practically ineffective which needs restructuring and strict vigilance from the top; the employers should be sensitized about the labor standards and workers right. The industrial associations, labor departments, ILO and buyers should play their role in this initiative; the employees should be provided awareness about their rights and responsibilities under labor laws; the penalties for breaching labor laws should be increased; buyers should also influence supply chain through garment factories to implement labor and other standards; the certifying agencies' role should be made more effective for the compliance, not just only the formality; the buyers should realistically assess the capacity of the industries and their preoccupation with other orders, to set the realistic shipment deadlines and place orders accordingly so that



labor standards could not be violated by the suppliers; cost is also one of the barriers to comply labor standards. The buyers should realistically evaluate the cost of production and they should include cost of workers welfare in the overall price of the product, if they consider it to be justified; trade incentives to the compliant industries; industrial associations should financially support small industries to implement labor standards such as providing support to establish canteen in a mill; generally the third party compliance audit (certifying agencies) is not effective. The buyers, buying offices and buying houses should make a collective compliance cell and conduct the audits, as their role will be more towards facilitation and improvement; ILO, Provincial Labor Departments, Industrial Associations and other partners should stimulate dialogue between employers and employees and potentially seek short term pragmatic solutions for promotion of worker management dialogue in the textile sector; embedded in a more structural mobilization of workers' organization.

### **Environmental Compliance Status**

Textile industries are in compliance of Montreal Protocol as they mostly use R22 (HCFC) refrigerant gas in their air conditioners and refrigerators. This gas has less ozone depleting potential. Pakistan is presently working on phasing out of HCFCs as per the protocol. Textile industries produce hazardous waste in the form of empty chemical, solvent and lubricant drums, discarded dyes and pigment pastes and sludge from wastewater treatment plants. These wastes are generally not disposed off in environmentally safe method and handed over to recyclers without knowing fate of their disposal. Under Basel Convention on the Control of Trans-boundary Movement of Hazardous Waste and their Disposal, hazardous waste should be disposed off in environmentally safe methods whereas in Pakistan, there is no secured landfill, even no sanitary landfill, or any waste treatment facility to dispose off or treat the waste safely. Under Stockholm Convention on Persistent Organic Pollutants (POPs), there is no mechanism available in the country to monitor and control the release of POPs from coal fired boilers and textile dyeing process. For wastewater compliance, only those industries comply with Environmental Quality Standards parameters which have installed wastewater treatment plants whereas others do not. Most of the export oriented and large processing industries, not all, have installed wastewater treatment plants and complying with the law's requirements. Mainly the Buyers' requirements are the driving force for the textile industries to install wastewater treatment plants and comply with environmental legislation. Few compliant industries go for monitoring and control of vehicular emissions whereas most of the local industries and even export ones do not consider vehicular emission to be monitored and controlled. Drinking water is mostly at acceptable quality standards at the large and medium size industries. The small industries generally do not bother for drinking water quality. Mostly industries do not monitor vehicular noise. Sometimes, there is issue of surrounding noise when the boiler or power house is located close to the boundary wall of the industry then the surrounding noise level is increased from 75 dBA. Most of the textile industries do not have No Objection Certificate (NOC) from the respective environmental departments. Only those industries, whose buyers or international agencies demand NOC, go for NOC acquiring process.

### **Recommendations for Environmental Compliance**

Major recommendations to improve environmental compliance among textile industries are that government should take initiative of establishing central hazardous waste disposal site (secured landfill) and/or waste treatment/recycling facility through public-private partnership to properly manage the industrial hazardous waste; government should include mechanism in the environmental policy to monitor and manage unintentionally produced POPs. The POPs monitoring equipment should be identified and introduced in the country. POPs monitoring and reporting should be made compulsory for POPs generators; individual wastewater treatment plants are not possible. The government should take initiative to construct Combined Effluent Treatment Plants (CETP) at industrial clusters; environmental approval

from environmental protection agency should be enforced in all the industrial concerns. Buyers should also make it compulsory for the suppliers to have environmental NOC; EPAs need strengthening and require human and financial resources to enforce the environmental laws in the country.

### **Occupational Health and Safety (OHS) Compliance Status**

Major occupational health and safety issues of the textile sector are occupational noise, cotton dust, injuries, hot working environment, fire hazard, chemical handling and storage, use of PPE, and machine safety guarding. The compliance of OHS standards in most of the large and export industries is from good to excellent. Compliance in small and few medium sized industries is not satisfactory rather miserable in some cases.

### **Recommendations for OHS Compliance**

As OHS is under purview of labor laws (Factories Act 1934), therefore, most of the recommendations with regard to labor standards implementation are applicable to improve OHS condition of the industries. The OHS clauses should be clear and unambiguous statements such as "sufficient or suitable" should be avoided; OHS clauses should be reviewed, and in case, if any aspect is missing, it should be included; employers and employees should be sensitized on OHS issues. The stakeholders such as labor department, ILO, industrial associations, buyers, and SMEDA should launch awareness raising events collectively or at individual factory level; buyers should develop mechanism to ensure volunteer adherence to the use of safety gadgets by the workers, not just at the time of compliance audits or during visit of client; the top management and the floor managers should also adopt safety practices and wear PPE whenever they are at production floor. This demonstration will influence and motivate workers to adopt safety measures; there is dire need of establishing fire safety building codes in the country; social benefits to the workers should be tied with OHS performance of workers such as medical benefits to only those workers which follow OHS protocol; the buyers should demand for injuries report from their suppliers. The true injury report will lead to improve the safety condition of the mill; the labor inspectors should also check these reports; SMEs need sensitization that the productivity enhances under good working conditions.

### **Productivity Issue**

Most of the textile industry despite of having a very busy and healthy business activities don't look towards business excellence methods. It results in extra cost, heavy wastages, increase in price and quality issues. Lean Production is a model of organization which is focused on waste or non value added activities elimination to reduce costs, delivering on time quality products, materials and information and respecting people and the environment. The deployment of Lean Production in Pakistani Textile Industry has to follow a strategic approach with an engagement of the senior management. Instead of "cherry picking" the causes, the methodology should be rolled out at organizations level. This will lead to, not only in capacity building, but also sustainable results. The survey clearly indicates major gaps in understanding of Lean Production. As a result, the non value added activities (NVAs), have become a norm. Some of the main NVAs are (a) High cycle times and lead times. The main factors contributing to the waste are inadequate supply chain, non productive activities with long lead times, standards of daily production implemented without effective process mapping. (b) Another potential NVA in the manufacturing is the metrics of "Not Right First Time". Rejections, rework reprocesses result in a series of inspections. It also results in delay of shipment, customer complaints, inventory buildup and ultimately increases the product cost. The Cost of Poor Quality calculated on the basis of the NVAs, hidden in the normal operations, shows the margin for the increase in the profit.

## **Recommendations for Productivity**

Productivity enhancement requires a more thoughtful approach to policies, processes, procedures and product. Recommendations to enhance productivity are that the management and workers should be trained and provided awareness about the lean production; capture the right information of the process and challenge the status quo. The proven DMAIC (Define, Measure, Analyze, Improve and Control) methodology is recommended for the implementation of the Lean Production with the involvement of the workers. There are many ongoing initiatives on productivity enhancement in the country. Increase outreach of these initiatives and conduct training and awareness raising events to the larger audience through ILO Sustaining Competitive and Responsible Enterprises (SCORE) and other methodologies. The business cases of productivity should be shared with garment factories.

## **Best Practices in Textile Sector of Pakistan**

Textile sector of Pakistan responded positively to many best practices initiatives during the last ten years (2004-2015). This sector has a great potential of growth and improvement. The best practices implementation includes initiatives such as water and energy efficiency, environmental improvement, standards and labels acquisition and community and workers welfare. The textile industries (ginning, spinning, weaving and processing) have invested Rs. 728 million on these initiatives and have saved about Rs. 570 million per annum by reducing 1.7 million m<sup>3</sup> water, 23 GWH electricity, and 12 million m<sup>3</sup> gas. The energy conservation measures also have reduced 34,000 ton CO<sub>2</sub> gas per year.

## **Ongoing Public and Private Initiatives**

There are different ongoing public and private initiatives, mostly in the textile sector of Pakistan to improve labor and OHS standards compliance and for water and energy efficiency. These initiatives include i) "Supporting Social Standards in the Textile and Garment Industry in Punjab, Pakistan", funded by German Government and being executed by GIZ ii) EU funded project on water efficiency "City Wide Partnership for Sustainable Water Use and Water Stewardship in SMEs in Lahore, Pakistan", being executed by WWF and CPI iii) "Sustainable Energy Initiatives" funded by GEF and being executed by UNIDO iv) "ESPIRE Green" project funded by German Government and being executing by bfz v) "Renewable Energy and Energy Efficiency (REEE)" project, funded by German Government and being executed by GIZ vi) "Public Private Partnership on Labor Law Compliance", a collaboration between ILO and Pakistan Textile Exporters Association in Faisalabad, being executed by ILO and PTEA vii) establishment of labor market information and resource centre at Punjab Labor Department viii) "Strengthened Capacity of Constituents" to address unacceptable forms of work in the textile and garment sector in Pakistan, being executed by ILO to strengthen the capacity of constituents ix) "CBI – GSP Plus Pakistan Project (2014-2016)", being executed by CBI to focus on building the supply side capacity of Pakistan's textiles, readymade garments (RMG) and leather sectors x) PILER's initiatives on health and safety at workplaces and access to justice for vulnerable populations in Pakistan xi) Li & Fung initiative on electrical safety at garment factories xii) SGS awareness raising campaign on fire safety xiii) Labor Standards in Global Supply Chains- A Program for Action in Asia and the Garment Sector (December 2014 – November 30, 2015) being executed by ILO and xiv) Joint Action Plan for Promoting Workplace Safety and Health in Sind (2013-2016), executed by ILO and Government of Sind, Labor Department.

## **Road map for Buyers' Forum**

Roadmap for upcoming Buyers' Forum meeting is given as under:

Convention/Local Law	Issue(s)	Occurance/Scope of Issue/Target Group	On Going Initiatives	Solution and Enabling Factors
<b>LABOR STANDARDS COMPLIANCE</b>				
Forced Labor (No. 29) Abolition of Forced Labor (No. 105)	Only prevalent in brick kilns and agriculture	No issue in textile sector	None in textile sector- Out of scope	
Freedom of Association (No. 87) Right to Organize (No. 98)	Very less trade unions in textile sector	Stakeholders don't consider need of trade unions in the presence of workers welfare committees	No specific initiative in textile sector	ILO, PLDs & IAs should conduct tripartite dialogue between employers and employees and seek the solution
Equal Remuneration for Men & Women (No. 100) Discrimination against Women	No example in textile sector. Non compliance in other sectors	No issue in textile sector	None in textile sector- Out of scope	
Discrimination (No. 111)	No example in textile sector. Non compliance in other sectors	No issue in textile sector	None in textile sector- Out of scope	
Minimum Age (No. 138)	Child labor examples in few spinning & weaving mills	Few spinning & weaving mills	No specific ongoing initiative in textile sector	ILO, PLDs, IAs should take actions on those industries which violate the law
Worst Forms of Child Labor (No. 182)	No example in textile sector	No issue in textile sector	None in textile sector- Out of scope	
General	Lack of awareness among industry for GSP+ Compliance	Local Industries (20,000 units, 90% of which ginning & power looms)-Ginning 14 M. Bales/year, Power Looms 8,000 M. Sq.m/year	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Awareness raising among industrial sectors through awareness raising events, meetings, print and mass media campaign, particularly to correct misperception about GSP+ compliance among local industries</li> <li>▶ IAs, ILO, chambers, FPCCI, SMEDA, TDAP, PLDs</li> </ul>
General	Lack of awareness among employers & employees for labor	Local & export industries	<ul style="list-style-type: none"> <li>▶ Social standards project by GIZ</li> <li>▶ Collaboration of ILO</li> </ul>	<ul style="list-style-type: none"> <li>▶ Increase outreach of ongoing initiatives for awareness raising among industry about labor laws,</li> </ul>

	standards	(26,000 units i.e. 20,000 local units, 6,000 export units)	<ul style="list-style-type: none"> <li>&amp; PTEA</li> <li>▶ LMIS in Punjab</li> <li>▶ CBI project</li> <li>▶ PILER's initiatives</li> <li>▶ Program for action in Asia by ILO</li> <li>▶ Joint action plan on workplace safety by ILO &amp; Labor Department Sind</li> </ul>	<p>rights &amp; responsibilities of employers and employees &amp; OHS aspects through awareness raising events, meetings, print and mass media campaign</p> <ul style="list-style-type: none"> <li>▶ ILO, IAs, chambers, FPCCI, SMEDA, PLDs, CAs, PILER, CBI, GIZ</li> </ul>
General	Lack of sensitization and capacity of labor functionaries	Provincial labor departments	<ul style="list-style-type: none"> <li>▶ Social standards project by GIZ</li> <li>▶ LMIS in Punjab</li> <li>▶ Strengthened capacity of constituents project by ILO</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sensitization and capacity building of labor functionaries (In progress)</li> <li>▶ ILO, PLDs, GIZ</li> </ul>
General	Insufficient information available about labor standards compliance status	Pakistan Bureau of Statistics	<ul style="list-style-type: none"> <li>▶ Information sources available (ILO, PILER, Pakistan Labor Force Survey)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Include labor standards compliance survey under Pakistan Labor Force Survey</li> <li>▶ PBS, ILO, PLDs</li> </ul>
Local Labor Laws	All the workers are not registered with workers welfare institutes	Local and export industries (1.5 million workforce)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Make efforts to increase registration of workers in social security, workers welfare fund and employees old age benefit institution</li> <li>▶ PLDs, IAs</li> </ul>
Local Labor Laws	Labor laws are not clear	PGs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Revision of laws (easy, clear, precise)</li> <li>▶ PGs, PLDs, ILO</li> </ul>
General	No system for workers to register their complaints	PLDs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Creation of adequate complaint cells and help lines, accessibility and assistance of legal aid committees of provincial bar councils and legal aid centers for free legal aid, counseling and support services to workers</li> </ul>

				<ul style="list-style-type: none"> <li>▶ PGs, PLDs, ILO</li> </ul>
General	Labor and human resource departments lack in human and capital resources	PLDs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Strengthening of human and labor resource departments</li> <li>▶ PGs, IFC</li> </ul>
Labor Rights Conventions	Sustainability of compliance is not ensured	CAs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ There should be frequent surprised compliance audits of the textile industries</li> <li>▶ BUYs, CAs</li> </ul>
Local Labor Laws	Ineffective labor inspection system	PLDs	<ul style="list-style-type: none"> <li>▶ Collaboration of ILO &amp; PTEA</li> <li>▶ LMIS in Punjab</li> <li>▶ Strengthened capacity of constituents project by ILO</li> <li>▶ Program for action in Asia by ILO</li> </ul>	<ul style="list-style-type: none"> <li>▶ More focused approach for the enforcement of an effective labor inspection system</li> <li>▶ PLDs, ILO</li> </ul>
27 UN Conventions	Local industries are not compliant	Local industries (20,000 units, 1.2 million workforce)	No on going initiative	<ul style="list-style-type: none"> <li>▶ Buyers should influence garment factories to mobilize their supply chain to implement labor and other standards</li> <li>▶ BUYs, export industries</li> </ul>
Labor Rights Conventions	Third part audits are not effective	CAs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Buyers should improve third party auditing protocol to make it effective and result oriented</li> <li>▶ The buyers should make a collective compliance cell and conduct the audits (as their role will be more towards facilitation and improvement)</li> <li>▶ BUYs, CAs</li> </ul>
Labor Rights Conventions	Unrealistic shipment deadlines cause non compliance	BUYs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ The buyers should realistically assess the capacity of the industries and their preoccupation with other orders to set realistic shipment</li> </ul>

				<p>deadlines and place orders accordingly</p> <ul style="list-style-type: none"> <li>▶ BUYs, export industries</li> </ul>
Labor Rights Conventions	Compliance costs money	BUYs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Add compliance cost in the overall product cost, (if justifiable)</li> <li>▶ Trade incentives to the compliant industries</li> <li>▶ BUYs, TDAP</li> </ul>
Labor Rights Conventions	Small industries do not have funds for compliance	Small industries (18,000 units)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ IAs should financially support small industries for compliance</li> <li>▶ IAs, IFC</li> </ul>
<b>PRODUCTIVITY</b>				
General	Productivity inefficiency	Garment factories (5,000 units)	<ul style="list-style-type: none"> <li>▶ Social standards project by GIZ</li> <li>▶ CBI project</li> <li>▶ Collaboration of ILO &amp; PTEA</li> </ul>	<ul style="list-style-type: none"> <li>▶ Increase outreach of ongoing initiatives on productivity enhancement</li> <li>▶ Training and awareness raising to larger audiences through ILO SCORE and other methodologies</li> <li>▶ Sharing business cases of productivity with garment factories</li> <li>▶ GIZ, CBI, ILO, IAs</li> </ul>
<b>OCCUPATIONAL HEALTH &amp; SAFETY</b>				
Local Labor Laws	No volunteer adherence to use of safety gadgets by the workers even in compliant industries	Local and export industries (21,000 units, 3.1 million workforce)	<ul style="list-style-type: none"> <li>▶ Social standards project by GIZ</li> <li>▶ Collaboration of ILO &amp; PTEA</li> <li>▶ LMIS in Punjab</li> <li>▶ CBI project</li> <li>▶ PILER's initiatives</li> <li>▶ Program for action in Asia by ILO</li> <li>▶ Joint action plan on workplace safety by ILO &amp; Labor Department Sind</li> </ul>	<ul style="list-style-type: none"> <li>▶ Buyers should develop mechanism to ensure volunteer adherence to the use of safety gadgets not just at the time of compliance audits or during visit of client</li> <li>▶ Conduct trainings on OHS</li> <li>▶ BUYs, CAs, ILO</li> </ul>

			<ul style="list-style-type: none"> <li>▶ Strengthened capacity of constituents project by ILO</li> </ul>	
Local labor Laws	There is no fire safety building codes in the country	PGs	<ul style="list-style-type: none"> <li>▶ Social standards project by GIZ</li> <li>▶ LMIS in Punjab</li> <li>▶ PILER's initiatives</li> <li>▶ Program for action in Asia by ILO</li> <li>▶ Joint action plan on workplace safety by ILO &amp; Labor Department Sind</li> <li>▶ Strengthened capacity of constituents project by ILO</li> <li>▶ Li &amp; Fung initiative</li> <li>▶ SGS awareness raising</li> </ul>	<ul style="list-style-type: none"> <li>▶ Establish and implement fire safety building codes in the country</li> <li>▶ PGs, ILO, IFC</li> </ul>
Local Labor Laws	No incentive attached with OHS compliance for workers	Local & export industries (21,000 units, 3.1 million workforce)	-	<ul style="list-style-type: none"> <li>▶ The social benefits to the workers should be tied with OHS performance of workers such as medical benefits to only those workers which follow OHS protocol</li> <li>▶ IAs</li> </ul>
Local Labor Laws	No proper injury reports are prepared by the industries	Local and export industries (21,000 units, 3.1 million workforce)	-	<ul style="list-style-type: none"> <li>▶ The buyers should demand for injuries report from their suppliers. The true injury report will lead to improve the safety condition of the industry</li> <li>▶ Labor inspectors should check these reports</li> <li>▶ BUYs, PLDs</li> </ul>



**ENVIRONMENTAL COMPLIANCE**

Basel Convention	No hazardous waste disposal/treatment facility in the country	PGs (3,500 units)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Government should take initiative of establishing hazardous waste disposal site (secured landfill) and/or waste treatment/recycling facility through public-private partnership to properly manage the industrial hazardous waste</li> <li>▶ IFC, EKN, MCC, PGs</li> </ul>
Stockholm Convention	No mechanism available in the country for the monitoring and management of unintentionally produced POPs	PGs (600-700 units)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Government should include mechanism in the environmental policy to monitor and manage unintentionally produced POPs. The POPs monitoring equipment should be identified and introduced in the country. POPs monitoring and reporting should be made compulsory for POPs generators</li> <li>▶ MCC, IFC, PGs</li> </ul>
Local Environmental Law	Environmental law for wastewater compliance is not based on ambient standards	PGs (600-700 units)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Revise environmental law. It should be based on ambient standards not on discharge standards for wastewater compliance</li> <li>▶ MCC, PGs, IFC</li> </ul>
Local Environmental Law	Individual wastewater treatment plants are not possible	PGs (600-700 units)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Install Combined Effluent Treatment Plants (CETPS) at industrial clusters</li> <li>▶ MCC, PGs, IFC, EKN, TDAP, IAs</li> </ul>

## 1.0 Introduction

### 1.1 Background

The new GSP+ status of Pakistan provides the country with new opportunities for prosperity. Textile sector of Pakistan has greatest potential to prosper and increase its share in world export. International Labor Organization (ILO), International Finance Corporation (IFC) and Dutch Embassy, considered it important to focus on partnership and cooperation among all the stakeholders for sustainable growth in this sector for making sure that Pakistan maintains GSP+ status. They set up Buyers' Forum in December, 2014, in Islamabad, to support the improvement of working conditions and compliance with labor and environmental standards in Pakistan's textile industry, ensuring the sector remains attractive to international buyers.

In the Buyers' Forum meeting, convened by ILO, IFC and the Dutch Embassy in Islamabad (December, 2014), it was identified to gain a deeper insight in the key opportunities to further drive performance in the Pakistani supply base in the areas of labor, environment and productivity. These insights were considered to aid the newly established Pakistan Buyers' Forum in further defining an impactful agenda focusing on improving suppliers' performance in these three areas, while lowering the risk of non-compliances. An overview of these insights will be presented in the next Buyers' Forum meeting in May 2015.

In order to provide these insights, additional efforts were necessary which IDH was willing to offer. With its knowledge of the sector and mission to upscale sustainable textile, IDH proposed to make a holistic overview of key improvement areas and interventions in Pakistan that could have the potential for impact.

The aim of this study is to support the Buyers' Forum by providing an overview of GSP+ compliance status, existing public and private initiatives, best practices implementation, and prioritizing key improvement areas (social/labour, environment and economic). This overview will enable the Buyers' Forum to set priorities and fine-tune its support strategy for the coming year.

### 1.2 Methodology

The primary and secondary sources were used to collect data on the subject. Detail of the secondary data sources is mentioned in the references. For primary data collection, structured questionnaire were developed for meeting with different stakeholders. These stakeholders included representatives of textile industry, textile industry associations, NGOs, international brands, buying houses, buying offices, international organizations, and government departments. The detail of these stakeholders is attached as **Annexure-I**.

The consulting organizations, NEC Consultants Pvt. Ltd and Cleaner Production Institute, have been working with the textile sector of Pakistan since 14 years under different donor funded projects. The Embassy of the Kingdom of the Netherlands was the largest financier of these projects. The main focus of these projects was; environment, occupational health and safety (OHS), corporate social responsibility (CSR) and energy efficiency. These projects provided technical assistance services to more than 250 textile industries of all types including ginning, spinning, weaving, processing and apparel. The large set of database of these organizations was also used for this study.

*The primary and secondary data was analyzed and conclusions were drawn. These conclusions are presented in this report.*

### 1.3 Scope

The scope of the study was to review 27 conventions of ILO and UN, ratified by Pakistan, and local labor and environmental laws and to identify gaps and non compliances against these conventions and laws in the textile sector of Pakistan. The GSP+ status requires that the Pakistan should comply with these 27 conventions. In January 2016, EU shall prepare GSP+ compliance status report. In case of non compliance, this GSP+ status can be cancelled. The detail of these 27 conventions and local labor laws is attached as **Annexure-II**.

Apart from compliance status against 27 conventions, local labor and environmental laws, energy crisis impact on textile sector, OHS conditions in the textile sector, productivity issues, best practices implementation, public and private initiatives in the textile sector on labor, environment and productivity, and roadmap for the buyers' forum are also part of the study. The major sources of the information used are described under methodology.

After reviewing secondary information, following key performance indicators (KPIs) were established. The compliance statuses and gaps were identified against these KPIs.

**Table-1: Key Performance Indicators (KPIs)**

#	KPI	Reference
<b>Human and Labor Rights</b>		
1	Employment of Disabled Person	<i>Disabled Persons Ordinance 1981</i>
2	Child Labor	<ul style="list-style-type: none"> <li>• <i>Convention on Minimum Age for Admission to Employment (NO 138)</i></li> <li>• <i>Employment of Children Act 1991</i></li> </ul>
3	Forced Labor	<i>Convention Concerning the Abolition of Forced Labor (No 105)</i>
4	Discrimination	<i>Convention Concerning Discrimination in Respect of Employment and Occupation (No 111)</i>
5	Equal Remuneration for Men and Women	<ul style="list-style-type: none"> <li>• <i>Convention Concerning Equal Remuneration for Men &amp; Women Workers (No 100)</i></li> <li>• <i>Convention on the Elimination of All Forms of Discrimination against Women</i></li> </ul>
6	Trade Union	<ul style="list-style-type: none"> <li>• <i>Convention Concerning Freedom of Association and Protection of Right to Organize (No 87)</i></li> <li>• <i>Convention Concerning the Application of the Principles of the Right to Organize and to Bargain Collectively (No 98)</i></li> <li>• <i>The Punjab Industrial Relations Act 2010</i></li> </ul>
7	Maternity Benefits	<i>West Pakistan Maternity Benefit Ordinance 1958</i>
8	Provision of Leaves	<i>Factories Act 1934</i>
9	Social Security	<i>The Provincial Employees Social Security Ordinance 1965</i>
10	Minimum Wage	<ul style="list-style-type: none"> <li>• <i>The Minimum Wages Ordinance 1961</i></li> <li>• <i>The Punjab Minimum Wages for Unskilled Workers Ordinance 1969</i></li> </ul>

11	Worker's Compensation	<i>The Workmen's Compensation Act 1923</i>
12	Working Hours	<i>Factories Act 1934</i>
13	Labor Inspection	<i>Factories Act 1934</i>
14	Hygienic Latrines and Urinals	<i>Factories Act 1934</i>
15	Medical Examination	<i>Factories Act 1934</i>
16	Workers Canteen (>250 workers)	<i>Factories Act 1934</i>
17	Fair Price Shop	<i>The Punjab Fair Price Shop Ordinance 1971</i>
<b>Environment and Governance Principles</b>		
18	Use of ODS	<i>Montreal Protocol on Substances that Deplete the Ozone Layer</i>
19	Hazardous Waste Management	<i>Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal</i>
20	Unintentionally Produced POPs	<i>Stockholm Convention on POPs</i>
21	Wastewater Discharge	<i>Environmental Protection Act 1997</i>
22	Air emissions (vehicles and equipment)	<i>Environmental Protection Act 1997</i>
23	Drinking Water	<i>Environmental Protection Act 1997</i>
24	Noise (vehicular & surrounding)	<i>Environmental Protection Act 1997</i>
25	Environmental Approval (NOC from EPD)	<i>Environmental Protection Act 1997</i>
<b>Occupational Health &amp; Safety</b>		
26	Fire Safety	<i>Factories Act 1934</i>
27	Noise (Occupational)	
28	Chemical Handling and Storage	<i>Factories Act 1934</i>
29	Exposure to VOCs and Dust	<i>Factories Act 1934</i>
30	Machine Safeguarding	<i>Factories Act 1934</i>
31	Use of PPE	
<b>Productivity</b>		
32	Production Line Management	
33	Cycle Times of Processes	
34	Rejects/Reworks/Reprocess	
35	Non Productive Times: Change Over, Cleaning	
36	Customer Complaints	
37	Process Standardization	

## 2.0 Textile Sector of Pakistan

The manufacturing sector of Pakistan accounts for 13.5% of GDP and 14.1% of total labor force. Textile sector is the most important sector under manufacturing which accounts for 8% of GDP with significant potential for growth. It employs 40% of industrial sector's workforce (3.15 million), using 40% of bank credit given to the industrial sector and accounting for nearly 55% of Pakistan's exports. In addition, this sector provides livelihood to more than 10 million farming families.

According to the International Cotton Advisory Committee, Pakistan is the fourth largest producer of cotton and third largest consumer of cotton in the world. In addition, Pakistan is the world's second largest cotton yarn exporter and third largest cotton cloth manufacturer and exporter. However, Pakistan is the fifteenth in term of international trade.

Unlike some other textiles and clothing producing countries, Pakistan is unique as it has a self reliant supply chain. From cotton growing to ginning, weaving, processing and finishing, and from fabrics to home textiles and apparel, all have links in the textile and clothing supply chain which have been developed by Pakistan's own industry.

Pakistan's export of textile and clothing was US\$ 12.9 billion in 2012, decreased from US\$ 13.7 billion in 2011 (5.84% decrease). The export performance of textile sector during July-March, 2013-14, is shown in Table-2.

**Table-2: Export of Pakistan Textiles, July-March (2013-14)**

*US\$ Million*

<b>Cotton and Cotton Textiles</b>	<b>10,093</b>
<b>Synthetic Textiles</b>	<b>289</b>
<b>Wool and Woolen Textiles</b>	<b>97</b>
<b>Total Textiles</b>	<b>10,479</b>
<b>Total Exports</b>	<b>19,082</b>
<b>Textile as % of Export</b>	<b>55</b>

*Source: Pakistan Economic Survey, 2013-14 (Ministry of Textile)*

The detail of textile industries under different category is given under:

**Ginning:** According to Pakistan Cotton Ginning Association (PCGA), there are total of 704 ginning factories in operation in 2013. However, it is learnt that there are as well about 500 other ginning units, located in Punjab and Sind provinces, which are not registered as such and operate in informal sector. It implies that total numbers of ginning units in Pakistan are of the order of 1200, of which possibly not all are operational in a season. It is estimated that on an average, the numbers of operational units, in a year, range from 800 to 900, which were involved, in recent years, in producing cotton (lint), ranging from 10 to 14 million bales per annum, with an average of about 12 million bales per annum.

**Spinning:** At present, as per record of Textile Commission Organization, spinning sector is comprised of 515 units (43 composite units and 472 spinning units) with 12.31 million spindles and 181 thousand rotors installed and 11.29 million spindles and 148 thousand rotors in operation with capacity utilization of 92% and 82% respectively during July-March, 2013-2014.

**Weaving:** There are three sub sectors in the weaving i.e. integrated, independent weaving units and power looms units. There are 50 composite units, 140 independent units and 18,000 power looms with 20,000 – 25,000 shuttle less looms and 225,000 conventional looms. Table-3 shows production and export of cloth during July-March (2013-14).

**Table-3: Production and Export of Clothing Sector, July-March (2013-14)**

<b>Cloth Production</b>	
<b>Mill Sector (M. Sq. Mtr)</b>	776.50
<b>Non Mill (M. Sq. Mtr)</b>	6,064.10
<b>Total</b>	<b>6,840.60</b>
<b>Cloth Export</b>	
<b>Quantity (M. Sq. Mtr)</b>	1,764.78
<b>Value (M. US\$)</b>	2,125.21

Source: Pakistan Economic Survey, 2013-14 (Ministry of Textile)

Knitting: There are about 700 units with 12,000 circular knitting machines, 10,000 flat knitting and 18,000 socks knitting machines spread all over the country and the capacity utilization is approximately 70%.

Processing: Processing mills pre-treat, dye, print and finish the grey fabric received from weaving mills and power looms. There are about 731 processing mills in the country (106 large and medium and 625 small).

Apparel (Garment) Units: There are about 5,000 garment units with 450,000 sewing machines.

Towels: There are about 400 units with 10,000 towel looms including shuttle and shuttle less in the country in both organized and unorganized sector.

Canvas: There are about 100 units with 2,000 looms.

Polyester Staple Fiber (PSF): PSF has wide range of applications. Its main use is the production of blended yarns by the spinning industry, which in turn is used to produce cloth, garments, curtains etc. Currently, there are five major producers of PSF in Pakistan with the total capacity of about 636,000 tons per annum. Table-4 shows export of textile made ups during July-March, 2013-14.

**Table-4: Export of Textile Made Ups, July-March (2013-14)**

<b>Hosiery Knitwear</b>	
<b>Quantity (Million Dozen)</b>	84.248
<b>Value (US\$ Million)</b>	1,667.748
<b>Readymade Garments</b>	
<b>Quantity (Million Dozen)</b>	21.806
<b>Value (US\$ Million)</b>	1,430.430
<b>Towels</b>	
<b>Quantity (Million Dozen)</b>	124.352
<b>Value (US\$ Million)</b>	561.412
<b>Tents/Canvas</b>	
<b>Quantity (Million Dozen)</b>	20.925
<b>Value (US\$ Million)</b>	63.088
<b>Bed Wears</b>	
<b>Quantity (Million Dozen)</b>	236.434
<b>Value (US\$ Million)</b>	1,600.317
<b>Other Made Ups</b>	
<b>Value (US\$ Million)</b>	511.439

Source: Pakistan Economic Survey, 2013-14

Composition of textile sector of Pakistan is presented below:

Category	Large	Medium	Small
Ginning			
Spinning			
Weaving			
Power Looms			
Processing (woven finished cloth)			
Composite (Spinning, Weaving, Processing)			
Processing (woven finished cloth, made ups)			
Knitwear (Knitted cloth, processing)			
Vertical Knitwear (knitted cloth, processing, stitching)			
Towel			
Apparel-Vertical (weaving, processing, stitching)			
Apparel (processing, stitching)			
Apparel (stitching units)			

## 2.1 Energy Crisis Impact on Textile Sector of Pakistan

Energy crisis in Pakistan had been brewing since 2007 and deepened in 2012, which not only affected the economic growth and employment but also consumed major portion of foreign exchange reserves. The situation has been further compounded due to high transmission and distribution losses on the thermal electricity side as well as declining revenue collection.

As an estimate provided by PRGMEA, due to the usage of petrol, diesel and gas, power expense were increased by 50%.

As per All Pakistan Textile Mills Association (APTMA), 60 to 70 percent of the industry was affected and was unable to meet the production deadlines resulting in the loss of about Rs.1 billion per day.

Textile industry of Pakistan's reliance is mainly on natural gas and electricity supply from national grid. Natural gas is used as fuel for steam boilers, thermal oil heaters, dyeing machines, dryers and for captive power plants.

At the start of gas shortage problem, industry rescheduled its production as per the availability of gas supply i.e. they reduced from three shifts to two shifts; one shift workers were laid off and production was managed with only two shifts by extending workers' overtimes, shifted working days as per the availability of gas etc. After realizing that the problem was permanent and situation was becoming bad to the worst, industry opted for alternative sources of energy. These alternative energy sources include biomass (rice husk, wheat straw, corn cob, wood), coal (mostly imported), and LPG. They either purchased new local/imported boilers based on biomass/coal fuel or converted their existing gas based boilers on these fuels. The converted boilers are of very low efficiency due to conventional technologies used. The imported boilers are mainly from China which are also not very efficient but far better than the local ones. LPG was also used as an alternate source of gas for direct fired equipment like thermal oil heaters, dyeing machines and dryers.

For electricity alternative, large industry has installed coal based power plants and small and some medium sized industries are utilizing diesel based generators to produce electricity. Diesel based electricity generation is three times costly than the national grid supply.

At the beginning of this crisis, industry faced many hardships to implement these energy alternatives as they were neither tuned nor trained for these technologies. These technologies



not only resulted in huge investment but also generated many environmental, maintenance and safety issues. Air pollution is increasing due to these alternative energy technologies as most of these technologies are not attached with air pollution control mechanism.

The implementation of these energy alternative technologies, their low performance efficiency, interruption in production shifts due to change over from one energy source to other, non availability of fuel, and skyrocketing price of energy, has resulted in 25% increase in the energy cost and 5% overall cost of production.

This shift took about five years. Now industry is acclimatized with these technologies and the situation. The energy prices are stable and energy issue is now somehow manageable.

#### Energy crisis impacts on textile sector

- Unemployment
- Increase in production cost due to electricity shut down, limited supply of gas and use of expensive energy alternatives
- Increase in equipment maintenance
- Increase in safety risks
- Increase in pollution due to use of coal

#### ***Textile Policy 2014-19***

The Ministry will take measures to give priority to textiles sector for the availability of energy to fully utilize the GSP+ status. For this purpose, a joint committee comprising senior officers of the Ministries of Textile Industry, Petroleum & Natural Gas, Water & Power and Finance Division will be constituted to work out solutions on a regular basis to reduce the energy gap in the textiles sector.

In order to conserve energy, textiles associations would be facilitated to carry out energy audits within their member units, so that energy consumption is reduced through specific interventions, such as replacement of old machinery and plugging leakages.



## 3.0 Labor Standards

This section provides overall labor employment status in Pakistan and labor standards compliance status in the textile sector of Pakistan under purview of international conventions and local labor laws.

### 3.1 Overall Labor Employment Status

At present, Pakistan is the sixth most populous country in the world with projected population of 188 million. The population growth rate in Pakistan is 1.95% which is higher than average growth rate of South Asian countries. Pakistan is the tenth largest country in the world according to the size of the labor force. The labor force in Pakistan has increased from 50 million in 2005-06 to 59.74 million in 2012-13. It shows that more than 9 million people joined the labor force during this period. On the other side, the number of employed labor force increased from 46.95 million to 56 million during this period. This means that all the increase in labor force could not be adjusted in employment sector and therefore unemployed people increased from 3.10 million to 3.73 million during the same period

<i>Total labor force</i>	<i>59.74 million</i>
<i>Employed labor force</i>	<i>56.01 million</i>
<i>Unemployed labor force</i>	<i>3.73 million</i>

In the manufacturing sector, the labor force participation rate has increased from 13.7% in 2010-11 to 14.15 in 2012-13. Overall unemployment rate has increased from 6% in 2010-11 to 6.2% in 2012-13.

According to Pakistan Labor Force Survey 2012-13, out of total employed labor force of 56.01 million, male and female proportion is 43.49 million (77.65%) and 12.52 million (22.35%), respectively.

Manufacturing sector employs 14.1% of total employed workforce (7.89 million), out of which male and female proportion is 6.52 million (15% of total male employees) and 1.34 million (10.7% of total female employees), respectively.

*Textile sector employs about 40% of the employed workforce of manufacturing sector i.e. 3.15 million. It includes 2.61 million males (83%) and 0.54 million female (17%).*

In Pakistan, the share of women in non agricultural wage employment has been set at 14%. This share of women employment has consistently increased from 8.07% in 1990-91 to 10.12% in the year 2012-13 but it is still behind in achieving the target of 14%.

Overall unemployment rate is 6.2% (3.73 million). The male and female unemployment rate is 5.4% (2.49 million) and 9% (1.24 million), respectively.

In garment sector, female-male proportion varies in Sind and Punjab provinces. In Sind (mostly Karachi city) province, female have more trend towards job whereas in Punjab, female are reluctant to join garment factories. In Sind, female and male proportion is 40% and 60%, respectively whereas in Punjab it is only 20% and 80%. This difference is only due to cultural and social norms of Punjab province. In the rural areas of Punjab, women are mostly involved in agricultural activities but in the urban areas, they don't prefer to go outside and work in the industries.

Female in garment factories are involved in jobs such as supervision, quality inspection, clipping, business promotion, marketing, designing, production management, operators, helpers, security and housekeeping.

In Pakistan, there are socio-cultural constraints for the females to join textile or any other industry. There are many issues like,

- lack of training opportunities
- transportation
- male dominated house culture and poverty
- Cultural constrains

### **3.2 Labor Standards Compliance Issues and Status**

This section provides detail of labor standards compliance issues and status in the textile sector of Pakistan.

#### **3.2.1 Misperception about Compliance of UN Conventions**

There is widespread misperception among industrial sector that the GSP+ is only meant for the export oriented textile industries and local textile industries are not under ambit of 27 UN conventions. The textile community only considers export industries to be compliant with these conventions and do not bother for the local ones.

#### **3.2.2 Vagueness in the Labor Laws**

There are about 24 different labor laws covering most of the labor standards requirements, mentioned in eight core labor rights conventions. Most of the clauses of the laws are vague. Language is difficult to understand. Everyone interprets clauses as per his/her own understanding, perception and convenience due to lacunae in them. The vagueness in these laws is being exploited at all level.

#### **3.2.3 Employment Models**

There are different employment models, used in the textile sector. These models include regular employment, contract employment, daily wage and piece rate employees. Generally, proportion of permanent and contract employees is 60% and 40%, respectively. The regular employees are registered with different workers welfare institutes and get most of the benefits, as provided in the laws, whereas contract, daily wage and piece rate employees are only meant for payment of fixed amount on daily, weekly or monthly basis without any other benefit, as mentioned in the labor laws. Laws are silent, not clear on such types of employment models. One of the stakeholders was of the view point that the contract employment system was the real root cause of labor standards non compliance in the country.

Under Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, A permanent workman" is a workman who has been engaged on work of permanent nature likely to last more than nine months and has satisfactorily completed a probationary period of three months. Some mills exploit this provision and make contract with the employees for nine months and then new contract is made after the expiry reaches.

#### **3.2.4 Awareness and Sensitization of Labor Laws**

Awareness of labor laws is lacking among employees and employers. Employers are not sensitized about the laws and not aware of their responsibilities for the welfare of their employees. Employees are not aware of their rights and responsibilities as per labor laws.

### **3.2.5 Employment of Disabled Person**

As per Disabled Persons (Employment and Rehabilitation) Ordinance, 1981, it is required that the organizations shall employ certain number of disabled persons (2%) or pay equal salary amount in the disabled persons' rehabilitation fund.

There is no recognition of this law among textile industries and its implementation is not being observed in the textile sector.

### **3.2.6 Forced Labor**

The Convention concerning the Abolition of Forced Labor (No 105) was ratified by Pakistan on 15th February, 1960. The legislative instruments currently in force include Article 11 of the Constitution of Pakistan, 1973 and the Bonded Labor (Abolition) Act, 1992.

According to ILO, the number of bonded workers in Pakistan is 2 million, in selected activities like brick kilns and agriculture.

Forced labor issue is not prevalent in the formal sector of economy. There are no instances of forced labor in the textile sector.

### **3.2.7 Discrimination & Equal Remuneration for Men and Women**

The Convention concerning Discrimination in Respect of Employment and Occupation (No 111) was ratified by Pakistan on 24th January, 1961. Legislative safeguards, vis-à-vis non-discrimination, are provided under Articles 27, 37 and 38 of the Constitution of Pakistan. In addition, the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968 regulates employment in the industrial and commercial establishments – facilitating employment benefits such as wages, payment of bonuses, group incentive schemes, etc. Furthermore, the National Labor Policy, 2010 specifically mentions No. 111 and discusses the creation of jobs where men and women would be subject to nondiscrimination and equal pay.

The Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value (No 100) was ratified by Pakistan on 11th October, 2001. The legislative framework is provided under Articles 25 & 27 of the Constitution of Pakistan, 1973 and Minimum Wages Ordinance 1961 – although not directly concerned with equal remuneration, it provides a platform for minimum rates of wages for workers. Additionally, The Protection against Harassment of Women at the Workplace Act, 2010 was also promulgated at federal level acting as a safeguard for women at work.

The Labor Policy, 2010 also categorically mentions the Convention emphasizing on equal remuneration for women and men. In 2002, a National Policy for Development and Empowerment of Women was introduced outlining the importance given to women in the workplace, including equal remuneration.

There are no instances of discrimination and difference in payment of wages among men and women workers in the textile sector. The men and women are treated equally and given equal remuneration. As per statistics given in the Labor Force Survey, there is differential of wage among men and women in the manufacturing sector. *It needs further research on wage differential aspect in the textile sector.*

### **3.2.8 Provision of Leaves**

As provided in the Factories Act, 1934, every worker who has completed a period of twelve months' continuous service in a factory shall be allowed, during the subsequent period of twelve months, holidays for a period of fourteen consecutive days. If a worker fails in any one

such period of twelve months to take the whole of the holidays allowed to him or her, any holidays not taken by him or her shall be added to the holidays allotted to him or her in the succeeding period of twelve months.

This facility is only for the regular or permanent employees. The contract, daily wagers and piece rate workers do not enjoy the benefits of leaves. In case of any leave, equal amount for that day's wage is deducted from his/her payment.

Most of the large and few medium size industries, which follow regular employment model, give this facility to their employees but the small and few medium size units, where 40% of the workforce is on contract, daily wage or on piece rate, do not fully comply with this provision of law. They provide this facility to the permanent employees but not to the employees hired on contract or on piece rate basis.

### **3.2.9 Maternity Benefits**

Under the Mines Maternity Benefits Act and the Maternity Benefit Ordinance, every employed woman is entitled to a maximum of 12 weeks of fully-paid maternity leave. She can take this leave six weeks pre-natal and six weeks post-natal. A woman on maternity leave is to be paid at the rate equal to her last paid wages.

Most of the textile industries, particularly the small and few medium sized industries, do not comply with this provision of law. Only large and few medium sized industries provide this facility to the permanent employees but not to the employees hired on contract or on piece rate basis.

### **3.2.10 Social Security, Old Age Benefits and Workers Compensation**

The Provincial Employees Social Security Ordinance, 1965 is applicable to the permanent workers, daily wagers, including contractors' employees of industrial, commercial and other establishments notified by the respective Provincial Governments. Those employees drawing monthly wages up to Rs.10,000 (in Punjab Province Rs. 15,000) are covered by the law. This law provides for an injury benefit (temporary-disability benefit).

As per Workers' Children (Amendment) Act, 1973, every employer of an establishment in which the number of workers employed at any time during a year is ten or more shall pay to the Government an education cess at the rate of one hundred rupees per worker per annum. The collection of cess referred to in the above act and its administration is entrusted to the Social Security Institution.

The Employees' Old-Age Benefits Act is applicable to all firms (industrial or commercial) where five or more workers, whether contractual or regular, without any wage limit, are employed or were employed during the past 12 months. A business with less than five employees can get their employees registered with EOBI on a voluntary basis. The law provides for an Invalidity Pension to the insured person (worker) in case of invalidity caused by any condition other than the employment injury. In case of the death of an insured person, a Survivors' Pension is payable to the widow(s), widower, minor male child, unmarried daughter and surviving parents, as the case may be.

The Workers Compensation Act, 1923 makes an employer liable for compensation if the injury is caused to a worker by an accident "arising out of and in the course of his employment". In other words, a worker claiming compensation under the Act must prove that the accident arose out of his employment. This act makes it mandatory for an employer to compensate his all employees in case of permanent and total disablement of a worker as a result of an injury and compensate his employees for injuries by accident up to the level of Rs. 300, 000,

keeping in view the degree of invalidity. There is no wage limit and all the employees, irrespective of their monthly wage, are covered by the Workers' Compensation Act, 1923.

Most of the large and few medium size textile industries register their employees with social security and EOBI and transfer benefits to them. Workers are also compensated as per the law. On the other hand, most of the small mills and few medium size industries do not comply it fully and only register one fourth of their labor with these institutes. The workers' compensation is also not granted in true spirit as well.

### **3.2.11 Working Hours**

Daily and weekly hours of work and overtime work are regulated by Chapters IV & IVA of the Factories Act, 1934, Chapter VI of the Mines Act, 1923 and Section 8 of the West Pakistan Shops and Establishment Ordinance, 1969, which provide that no worker will be required or permitted to work for more than nine hours (including rest) a day and 48 hours a week. Notice of the periods during which workers may be required to work is to be displayed in every establishment. Overtime is payable at double the wage as defined in the Payment of Wages Act, 1936.

As per Pakistan Labor Force Survey, 2012-13, overall mean hours worked per week are 46.4 hours during 2012-13. The mean hours worked for male and female are 50.1 and 33.3 hours, respectively.

The large and few medium size industries mostly follow this rule and allow 8 working hours and maximum of 2 hours overtime to their employees. They also pay the overtime with double hour rate. The small and few medium size industries do not follow this rule. Workers in these industries sometimes work for 12 hours a day and in some cases even more. The contract and piece rate workers generally work for more hours as their earning is attached with number of hours work. These industries also do not pay overtime with double hour rate or just the normal hour rate or 1.5 times the hour rate. One of the reasons for getting more work from employees is to meet the production and shipment deadlines. These deadlines are over ambitiously committed by the industry management. Sometimes buyers set production deadlines without considering the production capacity of the industry and its already preoccupation and committed orders.

### **3.2.12 Minimum Wage**

The Payment of Wages Act, 1936, regulates the payment of wages to certain classes of industrial workers employed in factories, industrial or commercial establishments and railways: either directly or sub-contracted or by a person fulfilling a contract with railway administration. The Act specifies that wages to workers employed in factories and on railways are to be paid on a working day within seven days of completion of the wages period. As per the provisions of the Minimum Wages Ordinance, 1961, the minimum wage for certain classes of industries/occupations and workers, including an apprentice employed in industry to do any skilled or un-skilled, intellectual, technical, clerical, manual or other work, including domestic work, for hire and reward, other than persons employed by the Federal Government, Provincial Government and in a coal mine, is determined by the provincial governments on the recommendations of the Provincial Minimum Wages Boards through notification in the official gazettes. Minimum Wage Boards may decide to specify rates for time-work (on an hourly, daily, weekly or monthly basis) and piece-work uniformly or with local variations.

As per Pakistan Labor Force Survey, 2012-13, average monthly wage in the manufacturing sector in 2012-13 was Rs. 11,023. The average monthly wage for male and female was Rs. 11,734 and Rs. 4,958, respectively. Under unskilled occupation, the average monthly wage was Rs. 7,928 and for male and female, the wages were Rs. 8,826 and Rs. 4,310,

respectively.

Table-5 shows monthly wage status.

**Table-5: Average Monthly Wages of Employees (2012-13)**

(Rs)

Major Industry Division	Total	Male	Female
<b>Manufacturing</b>	11,023	11,734	4,958
Major Occupation Group			
<b>Plant/machine operators &amp; assemblers</b>	11,693	11,730	6,862
<b>Elementary (Unskilled) occupations</b>	7,928	8,826	4,310

Source: Pakistan Labor Force Survey, 2012-13

The minimum wage for unskilled worker was Rs. 8,000 in Sind and Rs. 9,000 in Punjab during 2012-13. The above table shows that the wage under unskilled category for male and female was low during this period (In case of Punjab).

On the average, the male-female wage differential under unskilled employees is about 50%. This difference is about 58% in the manufacturing sector.

Over 44% of the workers received less than the minimum wage in 2012-13. This percentage is higher in agriculture, other services and domestic services.

The minimum wage for unskilled worker is Rs. 12,000 in Punjab and Sind provinces during 2014-15. The large and few medium sized textile industries mostly follow the law and pay the minimum wage as per the law. However, small and few medium sized industries do not follow this provision and give wage as per their own convenience. In some cases, even one half of the minimum wage is paid to the workers. There is also practice in some industries that the announced minimum wage is intentionally not paid and delayed for few months giving reason that the notification for the increased wage has not been received from the Government.

Another issue is the late payment of wages to the employees. As per Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, all workmen shall be paid wages on a working day before the expiry of the 7<sup>th</sup> day after the last day of the wage period, in respect of which the wages are payable if the total number of workmen employed in the establishment is 1,000 or less or exceeds 1,000, respectively.

### 3.2.13 Freedom of Association and Right to Organize

The Convention concerning Freedom of Association and Protection of the Right to Organize (No 87) was ratified by Pakistan on 14th February 1951. It aims to guarantee to workers and employers rights to create and join organizations of their own choice. Additionally, no restrictions are to be placed on the creation and joining of such organizations nor can they be dissolved or suspended by administrative authority.

The Provincial Industrial Relations Act, with minor deviations, generally incorporates the core provisions of the Convention and allow for establishment and joining of unions and associations by workers and employers. Under the Provincial Acts, there are Registrars established for the registration of Unions and Associations. After registration these unions become a body corporate.

The Convention concerning the Application of the Principles of the Right to Organize and to Bargain Collectively (No 98) was ratified by Pakistan on 26th May 1952. It further strengthens the rights of workers to join unions or associations and prevents any form of punitive action against workers who join such organizations.

Article 17 and 18 of the Constitution of Pakistan establish the strongest domestic protections supporting the Convention's core obligations. They apply to Freedom of Association and Freedom of trade, business or profession, respectively. Furthermore, Provincial Industrial Relations Act deals with the actual application of the provisions of the Convention. These Acts generally grant rights of joining and establishing unions as well as associations. In addition, the Acts create Collective Bargaining Agents to represent workers and bargain collectively. Furthermore, dispute settlement mechanisms for worker's issue have also been established. The Industrial Relations Acts also create special Labor Courts to which workers, Collective Bargaining Agents, and employers may bring their grievances.

Table-6 gives detail of the trade unions registered and cancelled during 2012 and 2013 in Punjab province.

**Table-6: Trade Unions Registered and Cancelled**

Year	Registered (at Beginning)	Existing Membership	Registered (during Year)	Cancelled (during Year)	Trade Unions (at the End)	Membership (at the End)
2012	1,782	305,123	42	19	1,805	305,230
2013 (May)	1,805	305,230	16	06	1,815	305,683

*Source: Labor and Human Resource Department, Punjab*

As per Pakistan Statistical Year Book, 2012, there were 854 trade unions with 182,429 members in 2008 which submitted returns. Out of which textile and hosiery trade unions were only 2 with 73 memberships. Currently 145 trade unions are registered with Pakistan Labor Federation and 419 with Pakistan Workers' Federation.

*According to most of the stakeholders interviewed, there is no need for unionization in the textile sector as most of the compliant industries are providing maximum benefits to their employees. It was stated that there are many workers welfare committees established in large industries which are functioning well and remain in continuous liaison with the management for workers welfare.*

It is clear from the statistics and the views formulated by stakeholders during interviews that trade unions are not encouraged in the textile sector. This may be due to some strong clashes between industry and unions in the textile sector in the past which affected the industrial progress. This deeply rooted distrust between industry and unions strongly challenges the implementation of UN conventions compliance on Freedom of Association and Collective Bargaining in the country.

### **3.2.14 Minimum Age**

The Convention concerning Minimum Age for Admission to Employment (No 138) was ratified by Pakistan on 6th July, 2006. Constitutional safeguards include Articles 11, 35 and 37 of the Constitution of Pakistan, 1973. The legislative framework highlighting the mandate laid out in the Convention predates the date of ratification of the latter. The Shops & Establishment Ordinance, 1969 provides for the prohibition of employment of children. The Factories Act, 1934 further expands on the ambit of child labor by prohibiting the employment of young children and non-adults. There is also the Employment of Children Act, 1991 regulating the age of children in work places, including their working conditions; The Mines Act, 1923 (prohibits employment of persons less than 14 years near mines, and under 18 in underground mines); the Road Transport Workers Ordinance (prohibits employment of under 18 years person in any transport related work and under 21 as drivers) and the Bonded Labor

System (Abolition) Act, 1992 (prohibits employment of children in lieu of loan or advance). The child is one which has not attained age of 14 years under labor law of the country. The minimum age for wage in the convention is at least 15 years.

As per Labor Force Survey of Pakistan, 2012-13, the number of child labor in Pakistan is 2.7 million (11%), out of total 24 million children in the age group of 10-14 years. Bulk of the child labor is in rural areas.

Generally textile sector of Pakistan discourages the employment of children. Most of the textile industries employ labor which holds National Identity Card, which is issued at the age of 18 years. However, there are instances of child labor in few industries, particularly in the spinning and weaving mills.

### **3.2.15 Hygienic Latrines and Urinals**

As per Factories Act, 1934, the provision of hygienic latrines and urinals for workers, separate for male and female, is mandatory. In most of the small and few medium sized industries, the latrines and urinals are not hygienic.

### **3.2.16 Medical Examination**

As per Factories Act, 1934, each worker in a factory shall be provided with a "Hygiene Card" in which, during the month of January and July every year, entries shall be recorded after examination by appointed factory doctor to the effect that the worker is not suffering from any contagious or infectious disease, The fee of such an examination shall be fixed by the Government and will be borne by the occupier or manager of the factory.

Only large sized industries and those which are directly involved in export follow it and conduct regular medical examination of their employees where as small and few medium sized industries do not follow it.

### **3.2.17 Canteen**

As per Factories Act, 1934, The Government may make rules requiring that in any specified factory wherein more than two hundred and fifty workers are ordinarily employed, an adequate canteen shall be provided for the use of the workers.

Generally canteen facility is provided by the large and few medium sized industries. However, small and few medium sized industries do not provide such facility to their workers. Some industries only provide place for the meal but not the food. There are many small and medium sized industries, where, though canteen facility is provided, but in an unhygienic condition.

### **3.2.18 Fair Price Shop**

The Punjab Fair Price Shops (Factories) Ordinance, 1971, provides for the establishment and maintenance of fair price shops for the sale of certain articles of daily use (wheat, flour, sugar, ghee, soap etc) at cheaper rates to the workers employed in certain factories in the Punjab. The law does not explain to which factory this provision is compulsory.

Textile industries do not have fair price shops. Only few industries have factory outlets where garments or made ups are sold at factory price.



### 3.2.19 Labor Inspection

Labor inspection, in matters of labor law and occupational safety and health compliance, is regulated by different laws in Pakistan. In the factories, the Factories Act 1934 is applicable. The mines are covered by the Mines Act, 1923, while shops and other establishments come within the ambit of the West Pakistan Shops and Establishment Ordinance, 1969. Under all these laws, the relevant inspectors have the right to enter any workplace, at all reasonable times, and make such examination of that place or of any prescribed record, register and other document maintained therein and do all such things as he/ she considers necessary for the purpose of that law. Inspectors are public servants who are appointed under the law by the respective provincial governments. Employers are obliged to report occupational accidents (Section 33N of the Factories Act and Section 20 of the Mines Act).

In the previous government tenure, labor inspection was banned. In the present government, labor inspection is allowed but to a very limited extent. Practically labor inspection is non-existent and ineffective in enforcing labor standards in the factories. The labor inspection is carried out and inspection report is generated; just a formality which does not affect enforcement and provide any safeguard to the employees. As per following figure, it is clear that there were only 340 labor inspectors in 2012 in the country which are meant for inspection of all the factories and enforcing laws.

**Figure-I**



Source: Decent Work Country Profile Pakistan 2014 (ILO)

The estimated labor force employment proportion in the textile sector is as under:

Type of Mill	% of Total Textile Workers	No. of Workers
Large	30	900,000
Medium	40	1,200,000
Small	30	900,000
<b>Total</b>	<b>100</b>	<b>3,000,000</b>

It is estimated that about 50% of textile workforce (1,500,000), mostly employed in medium and small sized industries (45%), with some proportion in the large industries (5%), are not

safeguarded under labor laws.

### 3.3 Recommendations

Recommendations for the improvement of labor standards compliance are as under:

- Misperception about GSP+ compliance among local textile industries needs to be corrected. The industrial associations, ILO, labor departments, SMEDA, buyers, chambers and media should raise awareness among the industry about GSP+ status and its compulsion on Pakistani industrial community.
- There is need to conduct nationwide survey of workers employed in different categories of the industries to evaluate labor standards compliance status by type of industry
- There should be efforts to increase registration of workers of the textile industries in social security, workers welfare fund and employees old age benefit institution through labor departments.
- The labor market information system (LMIS) is good initiative of Punjab Government. The LMIS should be made effective especially for the compliance of labor standards. This initiative should be replicated in other provinces as well.
- Labor laws should be clear. These need review and amendment; make these practical wherever required. The ambiguities should be removed, and those clauses which are impossible to be implemented, should be removed or revised.
- Employment models should clearly be defined and stated along with provisions attached with each model.
- Creation of adequate complaint cells and help lines, accessibility and assistance of legal aid committees of provincial bar councils and legal aid centers for free legal aid, counseling and support services to workers.
- Sensitization and capacity building of the functionaries of labor departments, district administration, labor inspectors, police and judicial officers of the lower courts through legal education and training focused on human and labor rights and equality of men; women, minorities, migrants, and ethnicities.
- Labor departments should be strengthened by providing human and capital resources.
- Initiate steps for FPCCI and Pakistan's main Chambers of Commerce to liaise between the Federal/ Government, the Provincial Authorities and the relevant trade sector associations in order to assist with the implementation of the requirements under 27 Conventions at firms' level.
- Capacity building programs should be conceived and implemented, through cooperation among Government, industry, relevant donors and EU importers, in order to train Pakistani producers and exporters on EU's GSP+, and other EU requirements.
- There should be frequent surprised compliance audits from buyers or from other organizations to ensure sustainability of the compliance.
- Labor inspection system is practically ineffective; it needs restructuring and strict vigilance from the top. It requires enforcement of an effective labor inspection system to check the violations of specialized as well as relevant labor laws including laws on forced labor, child labor, social security, wages, working conditions, health and safety, and equality of treatment and payment of wages for men and women.
- The employers should be sensitized about the labor standards and workers right. The industrial associations, labor departments, ILO and buyers should play their role in this initiative.
- The employees should be provided awareness about their rights and responsibilities under labor laws. The above stakeholders should take lead in it.
- Under labor law, a person who commits any breach of any term of any settlement should be punished with a penalty. For the first offense, the penalty may be up to Rs. 20,000 and for any subsequent offense, up to Rs. 50,000.
- Most of the international buyers focus only on garment industries (stitching units or cut to pack) whereas other links of the textile chain such as ginning, spinning, weaving etc are

not taken into consideration. The buyers should also influence garment factories to mobilize the supply chain to implement labor and other standards.

- The certifying agencies can play a pivotal role in improving compliance. Their role should be to facilitate the industries to enforce labor standards not just the fault findings. The buyers can improve auditing protocol to make it effective and towards more facilitation.
- Most of the times, suppliers violate labor standards to meet the unrealistic shipment deadlines. The buyers should realistically assess the capacity of the mills and their preoccupation with other orders, to set the realistic shipment deadlines and place orders accordingly.
- Cost is also one of the barriers to comply with labor standards. The buyers should realistically evaluate the cost of production and they should include cost of workers welfare in the overall price of the product, if they consider it to be justified.
- Trade incentives for the compliant industries.
- Industrial associations should financially support small industries to implement labor standards such as providing support to establish canteen in the factory.
- Generally the third party compliance audit (certifying agencies) is not effective. They are generally not facilitating the industry to implement standards but do the policing. The buyers, buying offices and buying houses should make a collective compliance cell and conduct the audits as their role will be more towards facilitation and improvement.
- ILO, Provincial Labor Departments, Industrial Associations and other partners should stimulate dialogue between employers and employees and potentially seek short term pragmatic solutions for promotion of worker management dialogue in the textile sector; embedded in a more structural mobilization of workers' organization.

## 4.0 Environmental Standards Compliance Status

This section provides environmental compliance status by the textile sector of Pakistan under purview of international environmental conventions and local environmental laws.

### 4.1 Use of Ozone Depleting Substances

Pakistan acceded to the Montreal Protocol in 1992. It was designed to reduce the production and consumption of ozone depleting substances in order to reduce their abundance in the atmosphere, and thereby protect the earth's fragile ozone layer. The protocol obliges all signatories to phase out a list of substances which are depleting the ozone layer. Pakistan created an ozone cell under the Ministry of Environment (prior to the 18th amendment) to monitor the implementation of the various projects in collaboration with the national and international stakeholders to fulfill the country's commitments under the Protocol.

The ozone cell is responsible for enactment of policies/ regularity measures to regulate the import of ozone depleting substances (ODSs) and to assist the shift from an ODS based industry into ozone friendly technology through the implementing agencies (UNDP, UNEP, UNIDO, and World Bank) with the financial assistance of the Multilateral Fund Secretariat (MLFS). Currently, post 18th amendment, the Ozone cell is under the Climate Division.

Implementation of the Convention involved a Refrigerant Management plan to create awareness on the initial phase out schedule for ozone depleting substances like chlorofluorocarbons (CFCs) and allied materials. However, these earlier trainings did not touch upon the phase out plan for Hydro Chlorofluorocarbons (HCFCs). Now that the phase out plan for CFCs has been successfully achieved in 2010, UNEP has shifted focus on creating awareness on the new phase out plan for HCFCs.

Mostly R22 (HCFC) gas is used in the textile industries' air conditioners and refrigerators. This gas has less ozone depleting potential. Pakistan is presently working on phasing out of HCFCs as per the protocol.

### 4.2 Hazardous Waste Management

The provisions of the Basel Convention on the Control of Trans-boundary Movement of Hazardous Waste and their Disposal aim to reduce the generation of hazardous waste and promote environmentally sound management of hazardous wastes. This convention also requires from the party to ensure the availability of adequate disposal facilities, for the environmentally sound management of hazardous wastes and other wastes.

Textile industries having processing facilities like knitwear, apparel, and dyeing and printing, use large number of hazardous chemicals. The hazardous waste from these facilities generally includes empty chemical, solvent and lubricant drums, discarded dyes and pigment pastes and sludge from wastewater treatment plants. These wastes are generally not disposed off in environmentally safe method and handed over to recyclers without knowing fate of their disposal.

In Pakistan, there is no secured landfill, even no sanitary landfill, or any waste treatment facility to dispose off or treat the waste safely.

### 4.3 Unintentionally Produced Persistent Organic Pollutants (POPs)

Under Stockholm Convention on POPs, it is required by the party to take measures to reduce or eliminate the unintentional release of POPs such as Hexachlorobenzene, pentachlorobenzene, polychlorinated biphenyls, and polychlorinated dibenzo-*p*-dioxins and

dibenzofurans, formed and released from coal fired boilers and textile dyeing (*textile related sources- Annexure C, Part III of the Convention*).

There is no mechanism available in the country to monitor and control the release of POPs from coal fired boilers and textile dyeing process.

#### 4.4 Wastewater Discharge

As per Provincial Environmental Protection Acts, 1997, no person shall discharge or emit or allow the discharge or emission of any effluent or waste or air pollutant or noise in an amount, concentration or level which is in excess of the Environmental Quality Standards. The textile industries responsible for process wastewater discharge include weaving, knitwear, apparel, and processing. The wastewater characteristics are generally above the Environmental Quality Standards. Table-7 shows average wastewater characteristics of textile processing industries.

**Table-7: 24-hour Combined & Composite Wastewater Quality Characteristics**

Parameter	Unit	Type of Industry		NEQS
		Dyeing	Dyeing-Printing	[1]
(pH)		8.3-11.7	6.3-12.0	6-9
Biochemical Oxygen Demand (BOD)	(mg/l)	200-570	300-480	80
Chemical Oxygen Demand (COD)	(mg/l)	640-1,200	880-1,130	150
Total Suspended Solids (TSS)	(mg/l)	320-940	200-440	200
Oil and Grease (O&G)	(mg/l)	17-32	11-40	10
Total Dissolved Solids-Incremental (TDS-I)	(mg/l)	1,280-1,540	1,000-1,900	3,500 <sup>[2]</sup>
Chloride-Incremental (Cl-I)	(mg/l)	400-750	90-1,100	1,000 <sup>[2]</sup>
Chromium (Cr)	(mg/l)	0.5-3.6	1.5-12.6	1.0
Copper (Cu)	(mg/l)	0.4-0.5	0.10	1.0
<i>[1] NEQS for disposal to Inland Waters</i>				
<i>[2] Total, and not the Incremental, Values</i>				

Source: NEC Consultants Pvt. Ltd

Only those industries comply with Environmental Quality Standards parameters which have installed wastewater treatment plants whereas others do not. Most of the export oriented and large processing industries, not all, have installed wastewater treatment plants and complying with the law's requirements. Local industries do not bother to install wastewater treatment plants due to weak enforcement of law, no attached incentive with it and no internal and external pressure from community, buyers and workers.

Major constraints for not installing wastewater treatment plants are i) weak enforcement of the environmental law, ii) treatment plants are cost intensive, capital as well operational, iii) require large land area, iv) no internal and external pressure for the local mills, v) no incentive for local mills.

Mainly the Buyers' requirements are the driving force for the textile industries to install wastewater treatment plants and comply with environmental legislation.

#### 4.5 Air Emissions (Vehicles and Equipment)

The air emission sources of textile industries include: i) boilers (gas, coal, biomass based), ii) generators/power house (gas, diesel, furnace oil based), iii) thermal oil heaters (gas, coal

based), and iv) vehicles (gas, petrol, diesel). The air emission parameters, particularly the NO<sub>x</sub> and CO, of the equipment keep on varying. Sometimes these parameters are within the required limit and sometimes above the limit. The control mechanism for these parameters is missing at most of the combustion equipment. In some cases, improper maintenance also causes these parameters to rise above the limit.

Few compliant industries go for monitoring and control of vehicular emissions whereas most of the local industries and even export ones do not consider vehicular emission to be monitored and controlled.

#### **4.6 Drinking Water**

Drinking water is mostly at acceptable quality standards at the large and medium industries. They regularly test the water quality and take measures to keep drinking water quality within acceptable level. The small industries generally do not bother for drinking water quality.

#### **4.7 Noise (Vehicular and Surrounding)**

The limit for vehicular and surrounding noise in the environmental law is 85 dBA and 75 dBA (day time) respectively. Most of the industries comply with this limit. Mostly industries do not monitor vehicular noise. Sometimes, there is issue of surrounding noise when the boiler or power house is located close to the boundary wall of the mill then the surrounding noise level is increased from 75 dBA.

#### **4.8 Environmental Approval from Environmental Protection Department**

As per environmental law, for the new industries (construction after 1997, the promulgation period of the environmental law), No Objection Certificate (NOC) is required from the respective environmental protection department before the start of the construction of the mill (Construction Phase NOC) and then before the start of the production (Production Phase NOC). However, there are large numbers of textile industries which were established before 1997. The law requires environmental audit report along with environmental management plan from these old mills.

Most of the textile industries do not have NOC from the respective environmental departments. Only those industries, whose buyers or international agencies demand NOC, go for NOC acquiring process.

#### **4.9 Recommendations**

- Government should take initiative of establishing hazardous waste disposal site (secured landfill) and/or waste treatment/recycling facility through public-private partnership to properly manage the industrial hazardous waste.
- Government should include mechanism in the environmental policy to monitor and manage unintentionally produced POPs. The POPs monitoring equipment should be identified and introduced in the country. POPs monitoring and reporting should be made compulsory for POPs generators.
- Wastewater compliance is an issue in the country as wastewater treatment plants are capital and energy intensive and require large area of land which is not possible for all the industries, only large export oriented industries go for it. The discharge effluent standards set by the Pakistani legislation has no scientific basis. Its implementation will not result environmental improvement in the country to such an extent as is being perceived in the legislation as an ultimate goal. The legislation should be revised to replace discharge standards with the ambient standards which are more logical and scientific. The effluent treatment should be the responsibility of the Government through Combined Effluent

Treatment Plants (CETP) only to such an extent to maintain ecological condition of the rivers. The capital and operation and maintenance cost of these CETPs should be collected on the basis of Polluter Pays Principle. The construction of individual wastewater treatment plants is not possible which would require huge investment and consume substantial energy.

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The Government will identify areas where effluent treatment plants can be established through public-private partnerships. Special Purpose Vehicle (SPV) will be incorporated to establish Model Combined Effluent Treatment Plant (CETP) in Khurrianwala, Faisalabad. The Government would seek funding from international donors and operational cost would be provided by the processing industry. Further, machinery for the ETP may be considered for inclusion in the LTFF (Long Term Financing Facility).

- Environmental approval from environmental protection agency should be enforced in all the industrial concerns. Buyers should also make it compulsory for the suppliers to have environmental NOC.
- EPAs need strengthening and require human and financial resources to enforce the environmental laws in the country.

## 5.0 Occupational Health and Safety Compliance Status

This section provides occupational health and safety (OHS) issues and compliance status in the textile sector of Pakistan.

Following are the occupational health and safety issues of the textile industries.

- Occupational noise
- Cotton dust
- Injuries
- Hot working environment
- Fire hazard
- Chemical handling and storage
- Use of PPE
- Machine safety guarding

### 5.1 Occupational Noise

Textile industry operation involves a number of heavy machines, equipped with moving and rotating parts, which result into elevated noise levels at the work place. Workers and management, in general, do not consider noise to be a health hazard; therefore, no provisions exist to save workers from this nuisance. Noise is considered as an interference to and imposition upon comfort, health and the quality of life. Noise may have both physiological as well as psychological effects on human beings. Physiological effects include dizziness, nausea, unusual blood pressure variation, physical fatigue, hearing impairment and, in acute cases, permanent hearing loss. The psychological effects may comprise reduced mental capability and irritations. Chronic exposure of workers to higher noise levels also impairs their efficiency and skill.

As per *American Conference of Government Industrial Hygienists (ACGIH)*, threshold limit values (TLV) of noise for the worker working for 8 hours a day is 85 dBA. The high noise areas in the textile industries are boiler room, power house (generators), weaving shed, spinning mill (auto cone, ring, carding), and processing hall.

Workers use ear muffs and air plugs at power house, whereas at other places, workers do not use these gadgets to save themselves from this hazard. This is generally a forced compliance in compliant industries (workers are forced to use ear plugs and muffs at noisy areas during compliance audit activity).

### 5.2 Cotton Dust

Generally the occupational areas of the spinning (blow room, carding), weaving shed, and cutting halls of the apparel units are contaminated with the cotton dust. Cotton dust is produced during the handling or processing of cottons, which may contain a mixture of many substances including ground up plant matter, fiber, bacteria, fungi, soil, pesticides, non cotton plant matter and other contaminants which may have accumulated with the cotton during the growing, harvesting and subsequent processing or storage periods. In spinning and weaving mills, where machines are also cleaned with the compressed air, number of times a day, which causes dispersion of these small particles in the air which workers inhale. Generally no personal protective equipment (PPE) like dust masks are used by the workers. Cotton dust causes byssinosis (brown lung disease).



### 5.3 Injuries

Frequent injuries do occur in the textile industry operations. Generally machines/operations causing injuries include blow room machines, cards, drawers, simplex, ring, cone winding, weaving machines, fabric cutting operation, sewing machines, moving belts and revolving machine parts. These injuries are of major and minor categories. Major includes cutting of hand or finger and minor like cuts and sharp edge wounds.

### 5.4 Hot Working Environment

Working environment is generally very hot in the spinning, weaving and processing mills. The situation is generally very harsh in summer when outside temperature is as high as 40-50°C. If proper ventilation and other measures are not taken, such hot working environment could badly affect the health and efficiency of the workers.

Most of the large industries have proper ventilation and chilling arrangement at their production halls but the small and few medium sized industries lack in such facilities.

### 5.5 Fire Hazard

Fire safety measures at textile industries are from good to excellent at the large and few medium sized industries. These measures generally include:

- Safe electrical wiring and switches
- Safe chemical storage and handling
- Fire exits at every department and floors
- Evacuation plans placed at conspicuous locations
- Fire alarms fixed at every department
- Fire extinguishers and fire buckets placed at most of the places
- Fire hydrants placed around the building and at fire prone areas
- Trained rescue and fire fighting team
- Regular fire drills

The fire safety measures are superficial at small and medium sized local industries. Some local industries are in real mess. Fire safety conditions are miserable. There are hanging naked electrical wires over the congested production floors with scattered fabric and chemicals all around.

### 5.6 Chemical Handling and Storage

Chemical Storage: Different types of processing chemicals like acids, alkalis, dyes, and salts are received in the industry. Containers of liquid chemicals are not provided with containment for the collection of leaks and spills which causes pollution and health hazard. Improper chemical storage, where non compatible chemicals are kept closer to each other, can also be potential source of fire in the industry.

Chemical Use: Numerous chemicals and dyes of different characteristics are used in the processing area. Workers are exposed to these chemicals during dispensing and feeding processes. Some are toxic, whereas most of these chemicals can damage skin and eyes.

Mostly in the small and few medium sized industries, the Personal Protective Equipment (PPE) are not used during chemical handling. Workers are not aware of potential health hazards associated with these chemicals and precautionary measures that can be practiced in case of emergency. Material Safety Data Sheets (MSDS) are not consulted and relevant safety measures and precautions for the use of chemicals are not practiced.

Mostly the large and few medium sized industries are well aware of the safe chemical handling practices and take appropriate measures for chemical storage and handling.

### **5.7 Use of PPE**

Generally PPE are not used in the industries to such extent which is required even not in the compliant export industries. There are few areas where PPE are used such as during welding (face shield), at electrical work (rubber gloves), and power house (ear plugs/ear muffs). The use of most of the PPE is generally a forced compliance. The workers are forced to wear PPE during compliance audit or during visit of buyers. In routine, they do not consider it to be convenient for them to use them while working. The major reason for this attitude is the lack of knowledge and awareness about the hazardous impacts of their work on their health and the extent of safety these gadgets provide to them. Another reason for this non compliance is that the management also does not observe these norms on the production floors.

### **5.8 Machine Safe Guarding**

Absence of safety guards at moving and revolving machines at textile industries can result into serious accident. Most of the large and compliant industries consider this aspect seriously and have installed safety guards around all such machines. The unguarded machines in small and few medium sized industries is a real safety threat. At these machines, the workers' minor negligence can lead to severe accident at any time.

### **5.9 Recommendations**

- As occupational health and safety is under purview of labor laws (Factories Act 1934), most of the recommendations with regard to labor standards implementation, provided in section 3.3, are applicable to improve OHS condition of the mills.
- The OHS clauses mentioned in chapter III of Factories Act 1934 should clearly mention the condition (such as the light level in so much lux requirement instead of just mentioning "sufficient and suitable lighting").
- OHS clauses should be reviewed, and in case if any aspect is missing, it should be included (as for example occupational noise in chapter III and use of PPE is not clearly mentioned).
- Employers and employees should be sensitized on OHS issues. The stakeholders such as labor department, ILO, industrial associations, buyers, and SMEDA should launch awareness raising events collectively or at individual factory level
- Buyers should develop mechanism to ensure volunteer adherence to the use of safety gadgets, not only at the time of compliance audits or during visit of client.
- The top management and the floor managers should also adopt safety practices and wear PPE whenever they are at production floor. This demonstration will influence and motivate workers to adopt safety measures.
- There is dire need of establishing fire safety building codes in the country.
- The social benefits to the workers should be tied with OHS performance of workers such as medical benefits to only those workers which follow OHS protocol.
- The buyers should demand for injuries report from their suppliers. The true injury report will lead to improve the safety condition of the factory. The labor inspectors should also check these reports.
- SMEs need sensitization that the productivity enhances under good working conditions.

***Punjab Employment Trends Report  
Occupational Safety and Health  
2014***

In order to ensure the implementation of the OSH provisions, the system of inspections is being reformed. To this end, a number of steps are in process, including registration of all workplaces in the province with the Provincial Labor Inspectorates. The Inspectorate of Labor shall, in line with international labor standards and relevant laws, establish criteria for determining the workplaces 'at risk', and shall, based on the criteria, identify vulnerable enterprises. Integrated inspections are carried out in order to identify enterprises posing the greatest threat to workers' safety. The principle of progressive integration aims at ultimately reaching the 'One enterprise-one inspector' level. The concept of self-inspection and self-reporting is being promoted as a principle in case of 'Low risk' enterprises, where self-checks and reporting using checklists are encouraged.

Actual visit of labor inspectors to fewer enterprises enables the Inspectors to carry out effective checks and to play its required advisory role by way of extending the Inspectors' expert views to the management. This will enable movement toward more self-identifying and self-directing systems.

These will focus on developing or modifying systems in place within enterprises that help prevent accidents, protect workers and improve working conditions. These measures will ensure the improved implementation of OSH standards.

## 6.0 Productivity

This section discusses productivity issues and recommendations for the improvement of productivity in the garment industries.

### 6.1 Productivity Issues

Most of the textile industry despite of having a very busy and healthy business activities don't look towards business excellence methods. It results in extra cost, heavy wastages, increase in price and quality issues. The global market pressures has exacerbated due to high costs of doing business in Pakistan.

Lean Production is a model of organization which is focused on waste/non value added activities elimination to reduce costs, delivering on time quality products, materials and information, and respecting people and the environment. Wastes, from the point of view of customer, are activities that add no value to the products. This designation comes from the key idea of "doing more with less" where less implies less space occupied, less transports, less inventories, and the most important, less human effort and less natural resources. Hence this is totally aligned with sustainable development concept.

Some of the main aspects that were surveyed and observed were:

- Customer: Major customers, demand, complaint
- Speed: Cycle time, lead time
- Non Productive Time: Change over time, break down, cleaning, maintenance
- Not Right First Time: Defects/rejects/reworks
- Cost: Raw materials, manufactured items, manpower and processes
- People: Training, skills and knowledge

Based on the survey, interviews and shop floor mapping, the main areas of improvements are as follows:

#### 6.1.1 Finished Goods

The non value added activities or waste has become a norm. Main ones are:

##### Quality

- Not Right First Time
- Rejects/ rework/ reprocesses
- Inspections and re-inspections

The contributing factors are: i) inadequate training of shop floor personnel in standard work, ii) absence of clear cut specifications at work stations, iii) heavy reliance on quality checks, iv) absence of a system that establishes the best practices.

The quality attributes are not built at the source, as a result, defects are passed undetected. This 'not right first time' activity wastes time and increases production cost.

##### Timelines

- Delay in Shipment: Considerable resources are spent on expedited shipments.
- Supply Chain: Disintegrated functions, as a result, the right quantity with right quality is not delivered on right time, and
- Customer Complaints: These are related to quality, quantity and delay of shipments.

Absence/inadequate supply chain functions results in delay in supplies, non conformance to specifications and inventory buildup. Gaps at both procured and manufactured items levels result in expedited shipments in the form of air freight. This results in significant cost increase.

### Processes

The non value added activities (NVAs) or waste observed, in the processes are:

- Timelines: In general daily production is recorded. Important matrices such as cycle times and lead times are not captured.
- Non productive time: The time required for change over, break down maintenance, cleaning of equipment are high.

General trend in garment production is to record daily production but not the cycle time i.e. time required in producing garment per machine or worker. Similarly the lead time i.e. actual time required to produce the order from receipt of order to shipment of the consignment, is not monitored. The knowledge of cycle time and lead time leads to realistic planning and delivery of orders at time and enable management to get maximum productivity with less cost.

Management does not consider delays due to non productive time consumed in change over, break down maintenance and cleaning of equipment. As these non productive times are not recorded and monitored, thus it results in productivity loss or reduced available time.

### Labor

- In general there is recording of labor present on line. The matrices e.g. labor efficiency, utilization of labor or output/employee is not captured.
- Both quality and customer specifications are in the documentation of the companies. The specifications are delivered at the production processes. Therefore, understanding and ownership of the operators in these attributes is critical in delivering the results. Performance monitoring of both processes and product are required to maximize efficiency and effectiveness.

#### **6.1.2 Other Non Value Added Activities**

Productive time is lost in the movement of garment, waiting and piles of inventory.

#### **6.1.3 Raw and Packing Material**

The non value added activities (NVAs) or waste observed under raw and packing material are:

### Quality

- Not right first time
- Rejects
- Inspections and re-inspections
- Supplier Performance Review is not effective as a result the problem recurs

The non performance of both raw and packing material are recorded. The amount of retesting, reprocessing and additional time of processes will give an estimation of the increased cost that is added from the start of the processes.

#### **6.1.4 People Development**

- Lack of leadership engagement

- Lack of knowledge in lean production
- No strategy for developing, implementing, maintaining a Lean Production Organization.

Lack of awareness of Lean Production at senior management level is a major gap. Therefore, the long term strategies also do not have objectives to support the Lean Production.

### **6.1.5 Cost of Production**

In general the trend is increase in cost of production. Challenging the status quo and applying the lean concept are enablers for increasing profit margin.

### **6.1.6 Recommendations**

Productivity enhancement requires a more thoughtful approach to policies, processes and procedures. Based on the outcome of the survey of productivity aspect, a pattern of industrial need and recommendations are developed. The key fact to consider is the Lean Production, focusing on both customer and business requirements. The goal is to provide high quality, fast, low cost, and safer processes. Following are the recommendations:

#### Awareness and Knowledge of the Lean Production

A defined methodology is needed to train and develop employees. It will start from the top management, rolling through the various levels and finally to the shop floor. This has to be a decision of the top management and their continued support is critical to the ongoing success.

#### Knowledge Based Management

For the implementation of lean production, it is very important to first capture the process information. The data of the key performance indicators (production line management, cycle time of production, rejects, rework, reprocess, non-productive time, process standardization) is required to be collected. This information will lead to process improvement and management decisions making.

#### Cost of Poor Quality

The results of 'not right first time' (rejects, rework, reprocess and re-inspections) are the cost of poor quality. This cost of poor quality is a potential area of improvement and requires challenging the status quo.

#### Establishing Lean Production

In general, return on investment in case of training is not visible. In general, the trainings are not linked to results in the work area. Therefore, the sustainability of success is also not there. A well managed Lean Production deployment will impact on customer loyalty, operational efficiencies and flexibility, effective use of resources and cost reduction. Factors required to be considered when implementing Lean Production include design, deployment, monitoring, control and improvement. Therefore the proven DMAIC (Define, Measure, Analyze, Improve and Control) methodology is followed and recommended with the involvement of workers.

There are many ongoing initiatives on productivity enhancement in the country. Increase outreach of these initiatives and conduct training and awareness raising events to the larger audience through ILO Sustaining Competitive and Responsible Enterprises (SCORE) and other methodologies. The business cases of productivity should be shared with industry.

## 7.0 Best Practices

This section provides detail of best practices implemented in textile sector of Pakistan under water and energy efficiency, environmental improvement and standards and labels acquisition.

### 7.1 Water Efficiency

Following are the water efficiency measures adopted by different textile processing mills (2010-2015). These mills have reduced water consumption in the range of 10-30%.

*(Sources: Programme for Industrial Sustainable Development, Phase-II, 2010-2013 and City-Wide Partnership for Sustainable Water Use and Water Stewardship in SMEs in Lahore, Pakistan).*

- Installation of water flow meters/hour meters at water consuming areas to determine water consumption and setting benchmarks for water management
- Identification of water leakage and rectification
- Control floor washing by installing shut off valves on water hoses
- Collection and reuse of blanket washing water at rotary printing machine
- Install automatic water shut off valves at machines to control unnecessary running and wastage of water from machines during machines shut down (e.g. pad steam dyeing machine)
- Process washes of one process reused as washes for other processes to reduce water consumption
- Process washes containing chemicals in low concentration used as solvent for chemical baths preparation
- Collection and reuse of RO reject water at places where high quality water is not required e.g. washing of pigment/paste drums, floor washing, toilets, blanket washing, desize wash etc.
- Collect and reuse of cooling water of singeing machine, compressor, and chiller
- Install screen washing machine to clean printing screen effective with less amount of water
- Installation of low liquor ratio soaper machine to reduce water and energy
- Reuse of ID fan cooling water for showering at boiler wet scrubber
- Installation of water showering at jiggers/rope washing machine instead of direct supply of water for fabric washing
- Change of existing washing machines having co-current washing sequence to countercurrent washing sequence to reduce water and energy
- Collection of clean water from caustic recovery plant and reuse in the process (bleaching, scouring, mercerization, desizing)
- Synchronization of blanket washing water supply water pump with printing machine ON/OFF operation to control water wastage
- Installation of automatic water level control switch at water storage tank to avoid water wastage from overflow
- Use of treated water in boiler and process
- Ultra filtration of wastewater to reuse it in the process

### 7.2 Energy Efficiency

Following are the energy efficiency initiatives taken by different textile processing mills (2010-2015). The detail of resource conservation is given in Table-8. *(Sources: Programme for Industrial Sustainable Development, Phase-II, 2010-2013).*

- Installation of heat exchangers at hot wastewater streams to recover thermal energy
- Collection and reuse of steam condensate as boiler feed water

- Changing existing washing machines having co-current washing sequence to countercurrent washing sequence to reduce water and energy
- Regular monitoring of electrical motors and take measures accordingly.
- Replacement of inefficient electrical motors with energy efficient motors
- Monitoring power factors of motors and installation of capacitors for power factor improvement
- Installation of temperature gauges/controllers at process bath to control temperature
- Preheating of process water with flue gases of thermal oil heater
- Avoid using three to four times rewound motors and replace them with energy efficient motors
- Air leakage control
- Steam trap management
- Installation of VFD at motors
- Economizer at boiler stack emission
- Insulation of hot bare surfaces and pipelines
- Power factor plant
- Installation of FRP fan at cooling towers
- Installation of oxygen trim controller at boilers
- Installation of waste heat recovery boiler at generator stack emissions
- Installation of efficient lights and electronic ballasts
- Solar panels for lighting and solar geyser for hot water
- Servo motors at sewing machines

**Table-8: Summary of Resource Conservation & Energy Efficiency**

Project	Investment (M. Rs /y)	Water Saving (m <sup>3</sup> /y)	Electric. Saving (GWh/y)	Gas Saving (M. m <sup>3</sup> /y)	Co <sub>2</sub> Reduction (Ton/y)	Saving (M. Rs/y)
Processing Mills- South	20.8	61,023	0.1	0.83	1,541	17.7
Processing Mills- North	187.9	55,600	2.0	5.8	11,425	105.8
<b>Total</b>	<b>208.7</b>	<b>116,623</b>	<b>2.1</b>	<b>6.63</b>	<b>12,966</b>	<b>123.5</b>
Spinning & Weaving South	123.9	-	-	5.6	10,735	86.2
Spinning & Weaving North	231.2	-	16.6	0.01	8,729	122.1
<b>Total</b>	<b>355.1</b>	<b>-</b>	<b>16.6</b>	<b>5.61</b>	<b>19,464</b>	<b>208.3</b>
<b>G. Total</b>	<b>563.8</b>	<b>116,623</b>	<b>18.7</b>	<b>12.24</b>	<b>32,430</b>	<b>331.8</b>

Source: Cleaner Production institute (Programme for Industrial Sustainable Development, Phase-II, 2010-2013)

### 7.3 Environmental Improvement

Following are the environmental initiatives taken by the textile sector of Pakistan:

- The recovery of caustic soda from mercerization wastewater by caustic recovery plant
- Installation of wastewater treatment plants to treat wastewater
- Installation of wastewater settling tanks to reduce suspended solids of effluent
- Avoid flushing of residual printing paste in the drain



- Disposal of boiler ash in dry condition instead of washing in the effluent

#### 7.4 Better Ginning Practices Implementation at Ginning Mills

Under SWITCH Asia funded project “Sustainable Cotton Production in Pakistan’s Cotton Ginning SMEs”, the target 30 ginning mills located in the three regions i.e. Bahawalpur, Rahim Yar Khan and Sukkur, invested about Rs. 98.08 million during the last three ginning seasons (2013-2014) to implement various Better Ginning Practices (BGPs) related with energy efficiency and cleaner production.

There are large numbers of BGPs implemented by the ginning mills. Few BGPs have direct quantifiable benefits whereas others have indirect and non quantifiable benefits. Few quantifiable BGPs are mentioned in Table-9:

**Table-9: Summary of BGPs Implementation**

#	BGPs	Investment (Rs)	Benefits
1	Improvement/maintenance of suction and delivery fans	20,000-200,000	5,000-60,000 kWh/season Rs. 50,000-700,000/season
2	Improvement/maintenance of suction and delivery ducts (control of leaking points)	4,000-450,000	1,000-150,000 kWh/season Rs. 13,000-1,500,000/season
3	Replacement of T12 tube lights with energy savers	3,000- 20,000	500-3,000 kWh/season Rs. 5,000-30,000/season
4	Installation of over flow conveyor	300,000	40,000 kWh/season Rs. 400,000/season
5	Replacement of saws, spacers, ribs etc	Up to 1,000,000	GOT increase, pay back within few days
6	Improvement in power factor plant	Up to 150,000	Less energy losses, avoid penalty

Source: Cleaner Production Institute (Sustainable Cotton Production in Pakistan’s Cotton Ginning SMEs, 2012-2015)

Few options such as improvement of suction and delivery ducts to remove air leaking points and improvement, maintenance of suction and delivery fans and replacement of over sized motors with proper sized motors resulted reduction of about 4,181,388 kWh/season with the saving of Rs. 48 million/season. This energy reduction also resulted in 1,965 ton CO<sub>2</sub> reduction per season.

#### 7.5 Best Water Management Practices (BWMPs) Implementation

Under SWITCH Asia funded project “City-Wide Partnership for Sustainable Water Use and Water Stewardship in SMEs in Lahore, Pakistan”, 21 textile processing mills located in Faisalabad, Lahore and Sheikhpura implemented Best Water Management Practices (BWMPs) during 2013-2014. BWMPs covers three areas i.e. water conservation, wastewater pollution reduction and water related energy saving. These 21 textile mills invested Rs. 66.383 million and achieved annual benefits of Rs. 190.629 million in the shape of 1.6 million m<sup>3</sup> water reduction, 163.76 x 10<sup>6</sup> MJ energy conservation, and 1,772 ton chemicals recovery.

#### 7.6 Standards and Labels

The export oriented textile industries are accredited with the following labels and standards:

- Oekotex 100
- GOTS
- WRAP

- EU Eco Label
- SEDEX
- REACH
- ISO 14001
- OHSAS 18001
- ISO 9001
- SA 800
- C-TPAT

## **7.7 Community/Workers Welfare initiatives**

Textile sector of Pakistan is also famous for community and workers welfare activities. Few of the activities are as under:

- Establishment of community schools and health facilities
- Charity distribution among poor community
- Female workers are provided maternity benefits
- Female workers are supported in their marriages for bearing dowry and other marriage expenses
- Workers are financially supported to perform pilgrimage
- Death expenses of workers are born by the industry
- Free housing and transportation is provided to the workers

## **7.8 Best Practices Implementation at Bangladesh Textile Sector**

### Cleaner Production Implementation

IFC-SEDF (South Asia Enterprise Development Facility), in coordination with international buyers working in Bangladesh, executed Cleaner Production Project in washing / dyeing / printing sector of textile in two phases during 2010-2014. This project provided technical assistance to 45 factories in the form of cleaner production audits and support to implement cleaner production technologies.

The Cleaner Production Assessments indicated substantial potential of savings and performance improvement through implementation of the so-called “low-hanging fruits”, i.e. those options that were technically simple and required no or very low upfront investment. The project team adopted the approach to focus on these options, as the resultant savings could lead to further implementations.

Following cleaner production options were adopted by these textile mills:

- Efficient lighting
- Insulation of bare hot surfaces
- Steam traps management
- Steam leakages plugging
- Air and water trigger nozzle installation
- Compressed air leakage management
- Boiler’s energy efficiency improvement
- Flow metering at utilities
- Better housekeeping of chemical stores

These industries invested US\$ 2 million to upgrade their factories while 10 international apparel buyers contributed a total of US\$ 35,000 to the project. Industries saved up to 50% of their process water. All the factories saved about 1.2 million m<sup>3</sup> water, 16 million m<sup>3</sup> gas and 10 million kWh of electricity, while reducing about 32,000 ton CO<sub>2</sub> per year.

## The National Tripartite Plan of Action

In Bangladesh, the garment sector workers, employers and government has made National Tripartite Plan of Action in collaboration with ILO, IFC and Better Works. This Plan of Action will affect about 3.5 million workers and improve fire safety and structural integrity in approximately 3,500 factories. Initially this plan covered only fire safety, then the partners extended its scope to include the structural integrity of buildings after the Rana Plaza collapse. This plan included the establishment of a National Tripartite Committee to monitor implementation of the plan.

The National Plan of action contains 25 activities to be implemented by the tripartite partners, individually or together. It will take years to improve structural integrity and fire safety to a level where every worker in the readymade garment sector can go to work with satisfaction.

Labor Law Reform: In July 2013, the parliament adopted a number of amendments to the labor law. The reforms constitute important progress in the areas of union registration, worker representation at factory level, and occupational safety and health.

Upgrading of Labor Inspections: The labor inspectorate was formally upgraded to a Department in January 2014. Ultimately it will have 575 labor inspectors, whereas at the time of the Rana Plaza collapse, there were only 55.

Factory Assessments: The National Tripartite Committee Accord and Alliance, all committed to undertake factory safety assessments. A harmonized minimum standard was agreed upon by all three parties to ensure a minimum of consistency between assessments to be undertaken. As of June 1, 2014, the Accord, the Alliance and the National Tripartite Committee through the Bangladesh University of Engineering and Technology, have undertaken a total of 1,300 safety assessments. They have led to temporarily suspended operations in only 19 factories whereas all other factories, different remediation measures are being developed and implemented.

## GIZ Awards 18 Bangladeshi Factories for Best Practices

GIZ awarded social and environmental excellence to 18 Bangladeshi factories at the closing ceremony of the three-day Apparel Summit at Banglabandhu International Conference Centre in Dhaka. Eighteen garment factories and seven workers won the social and environmental excellence award 2014 for adapting best practices and skills development in their workplaces. These awards were given in four categories; social compliance, environmental performance, building and fire safety excellence and inclusive skills development.

## Improving Safety & Working Conditions for 350,000 Workers through Better Work Program

IFC and ILO launched the Better Work program in Bangladesh in November 2013 with the aim to provide assessment of factory compliance with national law and international core labor standards, publish transparent public reporting on findings, and provide advisory support for factories to make necessary improvements. This program is in operation since January 2015. This program was launched following 18-month collaboration with the government to implement changes to national labor law and to develop the government's Framework for Continuous Improvement. This partnership between government, employers, unions, buyers, and other industry stakeholders will focus on promoting sustainable change in the sector by helping factories address working conditions, and to build factory level capacity for labor administration and worker management relations. This program will also provide training and advisory services to factories to improve working conditions and competitiveness.

## Enhancing Occupational Health and Safety

Building a culture of Occupational Safety and Health and the skills to implement it is a major challenge for the RMG sector of Bangladesh. Efforts are therefore underway supported by ILO to reinforce the capacity of workers, supervisors and managers in the sector to improve the safety of their workplaces. Through training and education and the support of broad awareness campaigns and materials, workers and employers will benefit from improved safety practices and be better able to fulfill the objectives of the National Action Plan on Fire and Building Safety. An initiative, launched under the ILO's RMG program in late 2014, sees the training of 100 master trainers from the Bangladesh Garment Manufacturers Export Association (BGMEA), Bangladesh Knitwear Manufacturers Export Association (BKMEA), Bangladesh Employers Federation (BEF) as well as the private sector. They will then train 7,500 supervisors who will in turn train up to 750,000 workers. Trade union trainers and women union leaders/organizers groups have also been organized under the auspices of the National Council for the Coordination of Workers' Education (NCCWE - covering 13 workers federations) intended to increase the participation of workers in Safety Committees and to enhance women workers participation in OSH actions at factory level. A similar program is being developed together with the Industrial Bangladesh Council (IBC - covering 9 federations).

## Enhancing Workers Rights

ILO is working with the Government of Bangladesh and employers' and workers' organizations to strengthen dialogue and improve working conditions. Funded by the US Department of Labor and the Royal Norwegian Government two projects address specific challenges faced by workers' and employers' organizations by building local capacity in relation to freedom of association and collective bargaining. These initiatives target workers in the RMG sector as well as other major export orientated sectors such as shrimp and leather. The capacity of over 2,500 workers' representatives, trade union organizers, mid-level managers and employers' organization members has been enhanced through various training events. Recognizing that the majority of garment workers are women, special emphasis is being placed on training women trade union leaders and organizers on key labor rights. Practical knowledge and skills are also being provided that will enable women leaders to educate and organize workers at factory level in order to improve working conditions in the RMG sector. Representatives of government, employers and workers organizations as well as Industrial Relations Institutes have been trained on the use of Interest Based Negotiation (IBN) techniques to help develop mutual trust and cooperation. A process is also ongoing to set up a dispute settlement and mediation system with the Department of Labor which should help address anti-union discrimination and terminations. In addition, a significant public advocacy campaign targeting over 100,000 workers and other stakeholders on rights and workplace cooperation is underway in order to promote a greater dialogue among the public.

## 8.0 Public and Private Initiatives

This section provides details of various ongoing public and private initiatives in the textile sector of Pakistan on labor standards, environmental improvement and energy efficiency.

### 8.1 Supporting Social Standards in the Textile and Garment Industry in Punjab, Pakistan

This is German International Cooperation (GIZ) funded two year project (August 1, 2014 – July 31, 2016) with funding of EUR 1,700,000.

This project has emerged in the course of Pakistan being granted enhanced access to the European market under the European Union's preferential trade scheme – the Generalized System of Preferences (GSP) Plus. The project will support the Government of Pakistan in maintaining the status it has attained in 2014. This project has been developed against the backdrop of the core conventions on human rights, labor law and sustainable development that have been ratified by Pakistan, but are still not enforced properly within the country. Pakistan's textile and garment industry is the most important branch of the manufacturing sector, working conditions in the industry are defined by poor workplace safety, low wages, lack of dialogue between employers and the workforce, and lack of co-determination. The problem is compounded by a government inspection system that is ineffective and inefficient.

In limiting its scope of action to Punjab, a province that is significant for textile and garment production, the overarching goal of the project is that the state and the private sector should implement the ILO conventions ratified in the context of GSP+ in Punjab's textile and garment industry. The corresponding module objective is to develop approaches ensuring greater compliance with social standards in this industry, as required by GSP+, and to implement these approaches with the active involvement and cooperation of national actors.

The project aims to bring about change in three areas of intervention:

- Improving working conditions through pilot projects at different levels that have been identified together with partners;
- Developing appropriate platforms for dialogue and suitable structures for cooperation that promote regular information and knowledge sharing and facilitate cooperation between government, employers and workers;
- Providing reliable data on the pilot measures at factory level, which are required to convince employers.

In addition to implementing pilot projects and holding dialogue workshops, the key project measures are information events, training programs (including training of trainers) and advisory services. Other international actors and initiatives as well as international buyers are to be closely involved.

The lead executing agency of the project is the Labor and Human Resource Department, Government of Punjab. The implementing partners include associations in the textile and garment industries, employer and workers organizations, non government organizations, Ministry of Textiles, Trade Development Authority of Pakistan (TDAP), Small and Medium Enterprises Development Authority (SMEDA). The Ministry of Labor and Ministry of Finance will also be closely involved in the activities that are relevant to them.

## **8.2 City Wide Partnership for Sustainable Water Use and Water Stewardship in SMEs in Lahore, Pakistan (WSP)**

City wide Partnership for Sustainable Water Use and Water Stewardship in SMEs in Lahore, Pakistan (WSP) is a three year capacity building project under SWITCH-ASIA. Its duration is from year 2013 to 2015. The aim of this program is to promote the adoption of Sustainable Consumption and Production (SCP) among small and medium sized enterprises (SMEs) and consumer groups in Asia.

WSP is funded by the European Union. It is being executed by the consortium of three organizations i.e. World Wide Fund for Nature-Pakistan (WWF-P), World Wide Fund for Nature-UK (WWF-UK) and Cleaner Production Institute (CPI). Lahore Chamber of Commerce and Industry (LCCI) and Punjab Small Industries Corporation (PSIC) are the associates of the project.

The target group of the project is the Pakistani SMEs of textile processing, leather tanneries, pulp & paper and sugar sectors in Punjab. The project aims to minimize the use of natural resources, toxic materials and emission reduction of waste and pollutants over the life cycle of industrial production with focus on effective water stewardship. There are 21 textile processing mills involved in this project to implement best water management practices.

Overall objective of the project is that “By 2025 water efficient production and consumption predominates as best practice in Pakistan’s major industrial cities as part of a broad engagement of business in water management, contributing to improved environmental sustainability and poverty reduction within the context of sustainable development”.

The specific objectives of the project are to:

- Reduce the water consumption by at least 15% and pollution load by 15% in 25 water intensive SMEs in Lahore by 2015
- Increase the capacity of 75 cross sectoral water intensive SMEs to adopt or support more sustainable water management practices by 2015.
- Enhance understanding and knowledge of further 300 SMEs regarding impacts of unsustainable water use and wider community level benefits of better water stewardship
- Develop a multi-stake holder city wide partnership, comprising SMEs, public authorities, Ravi Commission, supporting institutions and Multinational Companies (MNCs) by 2015
- Share the lessons learned with policy makers and regionally through SWITCH-Asia network by 2015

## **8.3 Sustainable Energy Initiatives**

The Sustainable Energy Initiatives is GEF (Global Environmental Facility) funded project. The UNIDO is the executing agency. The project duration is four years (2015-2019). Its major focus is on the textile sector of Pakistan (70-80 mills) to implement energy efficiency measures for their sustainable production. Mainly textile mills of Punjab will be covered under this project.

## **8.4 ESPIRE Green Project**

ESPIRE Green project is funded by German Government. The Training and Development Centers of the Bavarian Employers’ Association (bfz) is the executing agency. ESPIRE green and ESPIRE Energy projects have been implemented in the textile sector of Pakistan on energy efficiency, environmental and productivity enhancement. Presently ESPIRE Green is implementing Chemical Management (CM) Assessment in the textile mills. The focus of this

project is to manage chemical use which will result into reduced cost of production, increased competitiveness, coping with REACH, improved health and safety, compliance with the standards and staff training and awareness.

### **8.5 Renewable Energy and Energy Efficiency (REEE) Project**

The German International Cooperation (GIZ) is implementing Renewable Energy and Energy Efficiency (REEE) project in Pakistan since 2007. The textile sector is also included in this project. GIZ facilitated 25 textile mills (mainly spinning mills) for energy efficiency improvement, conducted training of the Energy Managers and developed ESCOs, in collaboration with All Pakistan Textile Mills Association (APTMA). GIZ and APTMA established Energy Cell in the association which was converted into Sustainable Production Center (SPC) in 2012. First phase of this project has been completed and now second phase is in progress. In the second phase there are also other sectors along with textile. In this phase economic indicators will be established and Financial Institutes (FIs) will be mobilized to facilitate mills to provide soft loans for energy efficiency. Also, two demonstration projects, from each sector, will be developed where energy efficiency measures will be implemented.

### **8.6 Public Private Partnership on Labor Law Compliance- A Collaboration between ILO and Pakistan Textile Exporters Association in Faisalabad**

A public private collaboration has been established between ILO and Pakistan Textile Exporters Association (PTEA), initially for three year, for improving productivity, competitiveness and compliance with national labor laws, focusing mainly on textile manufacturing sector, targeting exporting factories.

Total value of the 'Labor Laws Compliance Initiative' is around USD 10.62 million for a period of 6 years. ILO has been able to mobilize around USD 200,000 from its internal resources and has started the foundational work at Government level. Around USD 1.969 million are mobilized by PTEA to implement this joint collaboration covering a period of 3 years.

The project aims to build the capacity of textile industry to develop responsible workplace improvement practices and programs. The objectives of the ILO and PTEA partnership for labor laws application by textile industries are as under:

- Improve the adherence to national laws, including those based on international labor standards in Pakistani textile factories;
- Improve the image of Pakistan textile industries as responsible workplaces that are compliant with national laws, including those based on international labor standards
- Develop buyers' confidence that compliance with labor laws in these factories is being publicly monitored, reliably and accurately reported; and
- Establish a coordination mechanism between textile Industries, related workers organizations and Labor Departments on compliance and reporting on labor laws

The target audiences of this project are 45 textile mills, labor inspectors, and provincial labor departments,

### **8.7 Establishment of Labor Market Information and Resource Centre at Punjab Labor Department**

Labor Market Information System (LMIS) is a basic tool used all over the world to promote employment and plan the human resource needs at local and national level. It also helps the policy makers in making informed decision, keeping in view future market trends of employment and economic growth. After devolution of power to the provinces as result of

18th Amendment of the constitution, it became the responsibility of provincial departments to provide the information about the Labor Market for policy planning and decision making. Labor and Human Recourse Department, Government of the Punjab, accepted this challenge and established Labor Market Information Cell (LMIC) in 2012. To establish a Labor Market information system was big challenge for Labor Department because Labor Market Specialists were not available. To cater these issues, labor department approached International Labor Organization (ILO) for technical assistance in this regard. ILO provided labor market specialists who initiated a series of training for the labor department.

Under LMIS, Punjab labor department is registering industries so that on line labor inspection reports be generated and submitted. About 24,000 industries have been registered under LMIS. On line labor inspection reports are being submitted.

### **8.8 Strengthened Capacity of Constituents to Address Unacceptable Forms of Work in the Textile and Garment Sector in Pakistan**

ILO has started a project of 15 month duration (July 2014-September 2015) to strengthen the capacity of constituents to address unacceptable forms of work in textile and garment sector in Pakistan. The partners in this project include Federal Ministry of Overseas Pakistanis & Human Resource Development, four Provincial Labor Departments (Punjab, Sindh, KP, Baluchistan); Employers Federation of Pakistan (EFP), Pakistan Workers Federation (PWF); and Textile Industry Associations.

A two pronged strategy is designed to achieve the objective of this project; build the capacity of the Government functionaries to implement Labor Standards and simultaneously promote responsible workplace practices to ensure sustainability of enterprises with the support of Employers and Workers.

The strategy focuses on the following two areas;

- i) Strengthen national capacity at federal and provincial levels to enhance compliance and reporting on International Labor Standards with tripartite consultation
- ii) Addressing unacceptable working conditions in garment sector industries promoting sustainable and responsible workplace practices

Major outcomes of the project are:

- Institutional capacity for application and reporting of ILS strengthened at Federal & Provincial levels
- Unacceptable working conditions improved in selected textile and garment industries

Main activities of the project include:

- Establish and operationalize tripartite supervisory and policy oversight committees at federal and provincial levels for effective ILS reporting
- Establish and operationalize ILS reporting units to assess labor market situation and report on ILS as well as good practices by coordinating with the federal ministry and promoting inter provincial exchange of knowledge
- Engage Industrial associations to promote 'Responsible Workplace Practices'
- Initiate a process of social dialogue between workers and employers at enterprise level in textile and garment sectors
- Develop code of conduct and responsible workplace practices in collaboration with selected garment and textile industries for adaptation



## **8.9 CBI – GSP Plus Pakistan Project (2014-2016)**

The Centre for the Promotion of Imports from Developing Countries (CBI), a Netherlands' organization, has started a program in Pakistan to focus on building the supply side capacity of Pakistan's textiles, readymade garments (RMG) and leather sectors. Implementation will take place between 2014--2016. The CBI Export Coaching Program supports Pakistani SMEs in the textile and RMG sector in building their capacity to address internal company and sector-wide constraints, provide information and exposure to EU markets and guidance on market access requirements. The objectives of the programme are to strengthen the export capacity of SMEs and to provide guidance to the Pakistan government on ratifying and implementing the required 27 international UN convention at both micro--meso levels. The program provides intensive coaching to 14 textiles companies in adding value to their products and manufacturing. An additional outreach to at least 100 companies will be added by a Train-the Trainers program with the Trade Development Authority of Pakistan (TDAP). This training program takes place under a framework Memorandum of Cooperation with the Pakistan government.

The program will operate at two levels; company (SME) and institutional. At company level it aims to provide technical support to 114 companies directly and indirectly as participants through training modules, which include an emphasis on GSP plus related CSR subjects. At institutional level, it addresses sector wide obstacles and assists to build the supply side capacity and export promotional services to improve the export enabling environment within the sector. The institutional level intervention will incorporate additional learning activities for relevant governmental staff and focuses on drafting a train the trainer project to enable such staff to effectively provide services to the private sector and conduct necessary activities (i.e. audit) at company level and monitoring. The desired outputs will aim to contribute to the country's overall export earnings, compliance to GSP plus and increase employment opportunities, income generation and skills development in the mentioned sectors. There by achieving additional export turnover.

The CBI will support project to carry out trainings for selected stakeholders. The trainings will be linked to the practical methodologies for incorporating components of the 27 UN conventions relevant for SMEs. The participants are to realize an increased export turnover by upgrading value--addition and becoming GSP+ compliant. Furthermore, CBI will support TDAP, as stated in the signed MoU in monitoring activities on the implementation of the 27 conventions at governmental, sector and company level. TDAP officers are to be trained for replication of monitoring activities.

## **8.10 PILER Initiatives**

The Pakistan Institute of Labor Education and Research (PILER) is working on following initiatives:

### Towards Health and Safety at Workplaces (2012-14)

The goal of this program is to halt the downward slide of occupational health and safety at workplace, make all the stakeholders aware of the utmost importance of keeping the workplace safe and healthy ensuring well being of workers, and to urge the state and other key stakeholders to put in place enabling and worker friendly legislation and effective implementation of laws and procedures.

## Access to Justice for Vulnerable Populations in Pakistan (2014-16)

The objective of this program is to develop and implement a multi-pronged public awareness campaign that increases citizens' knowledge of the laws, which protect their fundamental rights.

### **8.11 Li & Fung Initiative on Electrical Safety at Garment Factories**

There are different Private Compliance Initiatives in the country from different buyers. One of the examples is the Li & Fung initiative.

Li & Fung is the leading consumer goods design, development, sourcing, and logistic company for major retailers and brands around the world. Li & Fung, in Pakistan, has started an initiative of implementing electrical safety standards at its suppliers (78 factories) since 2014. They have implemented these standards in about 50% of their suppliers and this initiative is still on till all the suppliers become compliant. Under this initiative, electrical safety standards have been developed. The suppliers are being trained on these standards and mobilized to implement these standards. The cost of implementation of these standards in each factory is about Rs. 2,000,000 – 2,500,000.

### **8.12 SGS Awareness Raising Campaign on Fire Safety**

As per CSR policy, SGS is conducting awareness sessions at different places of the country on fire safety aspect. In these sessions, representatives from industry and commercial organizations participate and learn fire safety techniques.

### **8.13 Labor Standards in Global Supply Chains- A Program for Action in Asia and the Garment Sector (December 2014 – November 30, 2015)**

In collaboration with BMZ (German Federal Ministry For Economic Development and Cooperation), the ILO will take up challenges to labor standards and working conditions arising from globalised garment production, focusing on Cambodia, Indonesia and Pakistan. The ILO's Pakistan Office will work with its tripartite social partners, the Government, Pakistan Workers' Federation and Employers' Federation of Pakistan to improve labor market governance and working conditions throughout the globalised supply chain.

Global, regional and country level intervention in Pakistan, Indonesia and Cambodia, designed to strengthen Decent Work conditions within the garment industry across south Asia. Project partners in Pakistan include:

- Federal Ministry of Overseas Pakistanis and Human Resource
- Provincial Labor Departments
- Employers' Federation of Pakistan
- Pakistan Workers' Federation
- Sector-wide Industry Associations

The target beneficiaries will be garment workers, employers' and Workers' organizations, garment producing enterprises, federal and provincial governments. This project will support Pakistan in maintaining its GSP Plus status by engaging with tripartite partners in order to:

- Strengthen minimum wage fixing and collective bargaining mechanisms;
- Increase access to information on wages, working conditions, industrial relations to improve the quality of labor standards social dialogue;
- Improve systems for assuring labor standards at factory level; and
- Strengthen the capacity

By adopting this tripartite approach the project aims to benefit workers across the global supply chain, strengthen social dialogue and better ensure Pakistan's ability to deliver its international obligations. Its main activities will include:

- Conducting a detailed review of minimum wage fixing in Pakistan's largest textile producing province, Punjab, along with work to engage with Sind, Khyber Pakhtunkhwa in relation to the work of their Minimum Wage Boards. Country data on the criteria used to set and periodically review minimum wage levels will be analyzed.
- Undertaking detailed country research on the reality of wages and working conditions of workers in both the formal and informal garment sectors across Pakistan and using this information to support stakeholders in planning a strategy for reform.
- Conducting a technical assessment of the operation of labor inspection mechanisms across Pakistan's provinces within the garment sector and utilizing this information to explore reform agendas.
- Supporting and developing the capacities of the provincial Labor Departments on reforms to provincial labor laws and labor inspection mechanisms, with particular reference to coverage of the informal economy, including that in the garment sector supply chain.
- Piloting a self-supporting tripartite body tasked with exchanging information on public and private garment sector labor standards improvement initiatives.
- Facilitating social dialogue through tripartite consultations focusing on the results of the technical assessments with a view to strategic planning for improving labor inspection at both federal and provincial levels.

The expected outcomes of the project will be:

- The increased labor force data and information and a clearer understanding of labor related legislative and policy frameworks and their implementation at work-place level, will allow employers' and workers' representatives to better identify weaknesses within regulation mechanisms and government to better formulate responses to those weaknesses, within the existing frameworks. Through tripartism, government, employers' and workers' representatives will be better able to work together to identify gaps in existing labor regulation, labor inspections' frameworks and implementation of wage, conditions and inspection standards.
- Strengthened labor market governance and improved industrial relations will provide improved and more equitable working conditions for women and men in Pakistan.
- The government of Pakistan, at both federal and provincial levels, will have strengthened capacity to implement the ILO's fundamental conventions and fulfill Pakistan's reporting requirements.

#### **8.14 Joint Action Plan for Promoting Workplace Safety and Health in Sind**

A joint action plan for promoting workplace safety and health in Sind has been prepared. This is a collaborative plan of action of labor department, Government of Sind, Employers Federation of Pakistan and Pakistan Workers Federation, in collaboration with ILO for the duration of 2013 – 2016.

On September 11, 2012, a factory fire in Karachi trapped and killed more than 250 workers and rendered more than 1,200 workers as injured and jobless. Due to inadequate safety measures and fire exits and inappropriate response from rescue operators the largest 'Industrial Disaster' in the history of Pakistan took place. The Department of Labor, Government of Sind moved swiftly in collaboration with ILO, Employers Federation of Pakistan (EFP), and Pakistan Workers Federation (PWF), and responded quickly to implement short to medium term actions.

For preparing a medium to long term response, the Department of Labor Sind, EFP and PWF started efforts to develop a coordinated action plan for workplace safety and health and requested ILO's support. In response, ILO facilitated the constituents to help them articulate their joint commitments, and in the development of a "Joint Action Plan" on safety and health".

To develop this action plan, a "Joint Action Plan Task Force" (JAPTF) and three "Joint Action Plan Working Groups" (JAPWG) were formed, mainly from the participants of each of the consultation's three thematic sessions. Both these forums were tripartite in nature, where representatives of Workers, Employers and Government Officials were adequately represented. The Task Force was chaired by Secretary Labor, Government of Sind. Each Working Group was co-chaired by one representative from each of the social partner (Workers, Employers and Government). These working groups were supposed to develop implementation frameworks for the following three key interventions:

- a) An enhanced occupational safety and health (OSH) management system in Sind
- b) An efficient and effective Labor Inspection System in Sind
- c) A work related injuries/accidents compensation system (social protection) in Sind

Key functions of the Working Group were to review recommendations of 'Tripartite Consultation' and categorize them into 3-4 functional areas, identify key stakeholders for their area of focus, develop a Joint Action Plan highlighting an outline of key services to be delivered by Government and other stakeholders, budgeting for all the activities proposed to be performed, etc.

After consultations with all the stakeholders, particularly the three major stakeholders, a draft of joint action plan on workplace safety and health has been prepared.

The Task force will now finalize the Joint Action Plan and will seek its validation before formally launching it for further action, in collaboration with ILO. The Joint Action Plan will now be formally approved by the tripartite stakeholders and launched in a media ceremony. Funds required for completing the different activities will be arranged and earmarked by the Government of Sind as well as other partners including ILO, and the activities will start as per the timelines planned and approved.

## 9.0 Roadmap for Buyers' Forum

Roadmap for the upcoming Buyers' Forum meeting is presented in Table-10.

**Table-10: Roadmap for Buyers' Forum**

Convention/Local Law	Issue(s)	Occurance/Scope of Issue/Target Group	On Going Initiatives	Solution and Enabling Factors
<b>LABOR STANDARDS COMPLIANCE</b>				
Forced Labor (No. 29) Abolition of Forced Labor (No. 105)	Only prevalent in brick kilns and agriculture	No issue in textile sector	None in textile sector- Out of scope	
Freedom of Association (No. 87) Right to Organize (No. 98)	Very less trade unions in textile sector	Stakeholders don't consider need of trade unions in the presence of workers welfare committees	No specific initiative in textile sector	ILO, PLDs & IAs should conduct tripartite dialogue between employers and employees and seek the solution
Equal Remuneration for Men & Women (No. 100) Discrimination against Women	No example in textile sector. Non compliance in other sectors	No issue in textile sector	None in textile sector- Out of scope	
Discrimination (No. 111)	No example in textile sector. Non compliance in other sectors	No issue in textile sector	None in textile sector- Out of scope	
Minimum Age (No. 138)	Child labor examples in few spinning & weaving mills	Few spinning & weaving mills	No specific ongoing initiative in textile sector	ILO, PLDs, IAs should take actions on those industries which violate the law
Worst Forms of Child Labor (No. 182)	No example in textile sector	No issue in textile sector	None in textile sector- Out of scope	
General	Lack of awareness among industry for GSP+ Compliance	Local Industries (20,000 units, 90% of which ginning & power looms)-Ginning 14 M. Bales/year, Power	No ongoing initiative	▶ Awareness raising among industrial sectors through awareness raising events, meetings, print and mass media campaign, particularly to correct misperception about GSP+

		Looms 8,000 M. Sq.m/year		compliance among local industries ▶ IAs, ILO, chambers, FPCCI, SMEDA, TDAP, PLDs
General	Lack of awareness among employers & employees for labor standards	Local & export industries (26,000 units i.e. 20,000 local units, 6,000 export units)	<ul style="list-style-type: none"> <li>▶ Social standards project by GIZ</li> <li>▶ Collaboration of ILO &amp; PTEA</li> <li>▶ LMIS in Punjab</li> <li>▶ CBI project</li> <li>▶ PILER's initiatives</li> <li>▶ Program for action in Asia by ILO</li> <li>▶ Joint action plan on workplace safety by ILO &amp; Labor Department Sind</li> </ul>	<ul style="list-style-type: none"> <li>▶ Increase outreach of ongoing initiatives for awareness raising among industry about labor laws, rights &amp; responsibilities of employers and employees &amp; OHS aspects through awareness raising events, meetings, print and mass media campaign</li> <li>▶ ILO, IAs, chambers, FPCCI, SMEDA, PLDs, CAs, PILER, CBI, GIZ</li> </ul>
General	Lack of sensitization and capacity of labor functionaries	Provincial labor departments	<ul style="list-style-type: none"> <li>▶ Social standards project by GIZ</li> <li>▶ LMIS in Punjab</li> <li>▶ Strengthened capacity of constituents project by ILO</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sensitization and capacity building of labor functionaries (In progress)</li> <li>▶ ILO, PLDs, GIZ</li> </ul>
General	Insufficient information available about labor standards compliance status	Pakistan Bureau of Statistics	▶ Information sources available (ILO, PILER, Pakistan Labor Force Survey)	<ul style="list-style-type: none"> <li>▶ Include labor standards compliance survey under Pakistan Labor Force Survey</li> <li>▶ PBS, ILO, PLDs</li> </ul>
Local Labor Laws	All the workers are not registered with workers welfare institutes	Local and export industries (1.5 million workforce)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Make efforts to increase registration of workers in social security, workers welfare fund and employees old age benefit institution</li> <li>▶ PLDs, IAs</li> </ul>
Local Labor Laws	Labor laws are not clear	PGs	No ongoing initiative	▶ Revision of laws (easy, clear, precise)

				<ul style="list-style-type: none"> <li>▶ PGs, PLDs, ILO</li> </ul>
General	No system for workers to register their complaints	PLDs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Creation of adequate complaint cells and help lines, accessibility and assistance of legal aid committees of provincial bar councils and legal aid centers for free legal aid, counseling and support services to workers</li> <li>▶ PGs, PLDs, ILO</li> </ul>
General	Labor and human resource departments lack in human and capital resources	PLDs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Strengthening of human and labor resource departments</li> <li>▶ PGs, IFC</li> </ul>
Labor Rights Conventions	Sustainability of compliance is not ensured	Cas	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ There should be frequent surprised compliance audits of the textile industries</li> <li>▶ BUYs, CAs</li> </ul>
Local Labor Laws	Ineffective labor inspection system	PLDs	<ul style="list-style-type: none"> <li>▶ Collaboration of ILO &amp; PTEA</li> <li>▶ LMIS in Punjab</li> <li>▶ Strengthened capacity of constituents project by ILO</li> <li>▶ Program for action in Asia by ILO</li> </ul>	<ul style="list-style-type: none"> <li>▶ More focused approach for the enforcement of an effective labor inspection system</li> <li>▶ PLDs, ILO</li> </ul>
27 UN Conventions	Local industries are not compliant	Local industries (20,000 units, 1.2 million workforce)	No on going initiative	<ul style="list-style-type: none"> <li>▶ Buyers should influence garment factories to mobilize their supply chain to implement labor and other standards</li> <li>▶ BUYs, export industries</li> </ul>
Labor Rights Conventions	Third part audits are not effective	CAs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Buyers should improve third party auditing protocol to make it effective and result oriented</li> <li>▶ The buyers should make a collective compliance cell and conduct the</li> </ul>

				<p>audits (as their role will be more towards facilitation and improvement)</p> <ul style="list-style-type: none"> <li>▶ BUYs, CAs</li> </ul>
Labor Rights Conventions	Unrealistic shipment deadlines cause non compliance	BUYs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ The buyers should realistically assess the capacity of the industries and their preoccupation with other orders to set realistic shipment deadlines and place orders accordingly</li> <li>▶ BUYs, export industries</li> </ul>
Labor Rights Conventions	Compliance costs money	BUYs	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Add compliance cost in the overall product cost, (if justifiable)</li> <li>▶ Trade incentives to the compliant industries</li> <li>▶ BUYs, TDAP</li> </ul>
Labor Rights Conventions	Small industries do not have funds for compliance	Small industries (18,000 units)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ IAs should financially support small industries for compliance</li> <li>▶ IAs, IFC</li> </ul>
<b>PRODUCTIVITY</b>				
General	Productivity inefficiency	Garment factories (5,000 units)	<ul style="list-style-type: none"> <li>▶ Social standards project by GIZ</li> <li>▶ CBI project</li> <li>▶ Collaboration of ILO &amp; PTEA</li> </ul>	<ul style="list-style-type: none"> <li>▶ Increase outreach of ongoing initiatives on productivity enhancement</li> <li>▶ Training and awareness raising to larger audiences through ILO SCORE and other methodologies</li> <li>▶ Sharing business cases of productivity with garment factories</li> <li>▶ GIZ, CBI, ILO, IAs</li> </ul>
<b>OCCUPATIONAL HEALTH &amp; SAFETY</b>				
Local Labor Laws	No volunteer adherence to use of safety gadgets by the workers even in compliant industries	Local and export industries (21,000 units, 3.1 million workforce)	<ul style="list-style-type: none"> <li>▶ Social standards project by GIZ</li> <li>▶ Collaboration of ILO &amp; PTEA</li> <li>▶ LMIS in Punjab</li> <li>▶ CBI project</li> </ul>	<ul style="list-style-type: none"> <li>▶ Buyers should develop mechanism to ensure volunteer adherence to the use of safety gadgets not just at the time of compliance audits or during visit of client</li> <li>▶ Conduct trainings on OHS</li> </ul>



			<ul style="list-style-type: none"> <li>▶ PILER's initiatives</li> <li>▶ Program for action in Asia by ILO</li> <li>▶ Joint action plan on workplace safety by ILO &amp; Labor Department Sind</li> <li>▶ Strengthened capacity of constituents project by ILO</li> </ul>	<ul style="list-style-type: none"> <li>▶ BUYs, CAs, ILO</li> </ul>
Local labor Laws	There is no fire safety building codes in the country	PGs	<ul style="list-style-type: none"> <li>▶ Social standards project by GIZ</li> <li>▶ LMIS in Punjab</li> <li>▶ PILER's initiatives</li> <li>▶ Program for action in Asia by ILO</li> <li>▶ Joint action plan on workplace safety by ILO &amp; Labor Department Sind</li> <li>▶ Strengthened capacity of constituents project by ILO</li> <li>▶ Li &amp; Fung initiative</li> <li>▶ SGS awareness raising</li> </ul>	<ul style="list-style-type: none"> <li>▶ Establish and implement fire safety building codes in the country</li> <li>▶ PGs, ILO, IFC</li> </ul>
Local Labor Laws	No incentive attached with OHS compliance for workers	Local & export industries (21,000 units, 3.1 million workforce)	-	<ul style="list-style-type: none"> <li>▶ The social benefits to the workers should be tied with OHS performance of workers such as medical benefits to only those workers which follow OHS protocol</li> <li>▶ IAs</li> </ul>
Local Labor Laws	No proper injury reports	Local and export	-	<ul style="list-style-type: none"> <li>▶ The buyers should demand for</li> </ul>

	are prepared by the industries	industries (21,000 units, 3.1 million workforce)		injuries report from their suppliers. The true injury report will lead to improve the safety condition of the industry <ul style="list-style-type: none"> <li>▶ Labor inspectors should check these reports</li> <li>▶ BUYs, PLDs</li> </ul>
<b>ENVIRONMENTAL COMPLIANCE</b>				
Basel Convention	No hazardous waste disposal/treatment facility in the country	PGs (3,500 units)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Government should take initiative of establishing hazardous waste disposal site (secured landfill) and/or waste treatment/recycling facility through public-private partnership to properly manage the industrial hazardous waste</li> <li>▶ IFC, EKN, MCC, PGs</li> </ul>
Stockholm Convention	No mechanism available in the country for the monitoring and management of unintentionally produced POPs	PGs (600-700 units)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Government should include mechanism in the environmental policy to monitor and manage unintentionally produced POPs. The POPs monitoring equipment should be identified and introduced in the country. POPs monitoring and reporting should be made compulsory for POPs generators</li> <li>▶ MCC, IFC, PGs</li> </ul>
Local Environmental Law	Environmental law for wastewater compliance is not based on ambient standards	PGs (600-700 units)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Revise environmental law. It should be based on ambient standards not on discharge standards for wastewater compliance</li> <li>▶ MCC, PGs, IFC</li> </ul>
Local Environmental Law	Individual wastewater treatment plants are not possible	PGs (600-700 units)	No ongoing initiative	<ul style="list-style-type: none"> <li>▶ Install Combined Effluent Treatment Plants (CETPS) at industrial clusters</li> <li>▶ MCC, PGs, IFC, EKN, TDAP, IAs</li> </ul>

**BUYs** Buyers  
**CAs** Certifying Agencies  
**FPCCI** Federation of Pakistan Chamber of Commerce & Industry  
**EKN** Embassy of the Kingdom of the Netherlands  
**IAs** Industrial Associations  
**IFC** International Finance Corporation  
**ILO** International Labor Organization

**MCC** Ministry of Climate Change  
**PBS** Pakistan Bureau of Statistics  
**PGs** Provincial Governments  
**PILER** Pakistan Institute of Labor Education & Research  
**PLDs** Provincial Labor Departments  
**SMEDA** Small and Medium Enterprises Development Authority  
**TDAP** Trade Development Authority of Pakistan

**ANNEXURE-I  
LIST OF STAKEHOLDERS**

#	Organization	Contact Person	City
1	GIZ	Ms. Romina Kochius Principal Advisor Mobile: 0302-8563391	Lahore
2	Labor Welfare Department, Punjab	Mr. Ghulam Abbas Cheema Deputy Director Mobile: 0332-4142306	Lahore
3	Pakistan Textile Exporter Association	Mr. Khurram Mukhtar Ex-Chairman Tel: 041-111-010-111	Faisalabad
4	Khawaja Cotton Industries	Mr. M. A. Khawaja CEO Tel; 041-8751241-43	Faisalabad
5	Arshad Corporation Pvt. Ltd	Mr. Faisal Masood Sheikh Manager Operation Mobile: 0300-8655566	Faisalabad
6	Textile Guild	Mr. Ijaz Malik Director Operations Mobile: 0300-8488129	Lahore
7	Aysha Fabrics	Mr. Ashraf Ali Manager HR & Administration Mobile:0313-4884469	Lahore
8	SGS Pakistan	Mr. Irfan Fakhar Deputy Manager Mobile: 0301-8421883	Lahore
9	Sarena Textile	Mr. Abdul Wahid Manager Mobile: 0323-4161931	Sheikhupura
10	Matrix Sourcing	Mr. Hammad Rasheed Khan Director CR Mobile: 0300-8285827	Lahore
11	APTMA	Mr. Anis Ul Haq Secretary Mobile: 0300-8461646	Lahore
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15	MEB Textile	Mr. Babar Khan CEO Mobile: 0300-8201503	Karachi
16	PILER	Mr. Farhat Fatima Co-Manager Programme Advocacy & Networking Tel: 021 36351145-7	Karachi

17	Firoz International	Mr. Alamgir Firoz Director Tel: 021-35062200-01	Karachi
18	SMEDA	Mr. Baber Umer Assistant Manager Tel: 021-111-111-456	Karachi
19	Artistic Garments	Mr. Zeeshan EHS & Sustainability Manager Mobile: 0345-6434667	Karachi
20	Artistic Milliners	Mr. Khawaja Faheem Manager Environment/Compliance Mobile: 0300-3591003	Karachi
21	Sind Environmental Protection Agency	Mr. Imran Sabir Deputy Director (Technical) Mobile: 0345-3019757	Karachi
22	Labor Department, Sind	Mr. Wajid Labor Inspector	Karachi
23	C&A Sourcing International Ltd	Mr. Imran Younus Sr. Development Officer Tel: 021-34300470-7	Karachi
24	Unibro Industries	Mr. Adil Khalil Manager Systems & Compliance Mobile: 0334-2230693	Karachi
25	IKEA	Mr. Farjad Shah IWAY Auditor Mobile: 0321-2430319	Karachi
26	LF Sourcing	Mr. Umar Bin Asad Vice President Mobile: 0300-8483058	Lahore
27	H&M – Puls Trading Far East Ltd Pakistan Liaison Office	Mr. Saqib Jamil Country Manager Production Tel: 021 3877 1872	Karachi
28	CBI	Mr. Marcel Oosterveer Mobile: 0333-0941161	Karachi
29	ILO	Ms. Rabia Razzaque National Project Coordinator Tel: 051-2276456-8	Islamabad

## ANNEXURE-II UN/ILO CONVENTIONS

1. International Covenant on Civil and Political Rights
2. International Covenant on Economic, Social and Cultural Rights
3. International Convention on the Elimination of All Forms of Racial Discrimination
4. Convention on the Elimination of All Forms of Discrimination against Women
5. Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment
6. Convention on the Rights of the Child
7. Convention on the Prevention and Punishment of the Crime of Genocide
8. Convention concerning Minimum Age for Admission to Employment (No 138)
9. Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor (No 182)
10. Convention concerning the Abolition of Forced Labor (No 105)
11. Convention concerning Forced or Compulsory Labor (No 29)
12. Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value (No 100)
13. Convention concerning Discrimination in Respect of Employment and Occupation (No 111)
14. Convention concerning Freedom of Association and Protection of the Right to Organize (No 87)
15. Convention concerning the Application of the Principles of the Right to Organize and to Bargain Collectively (No 98)
16. International Convention on the Suppression and Punishment of the Crime of Apartheid
17. Montreal Protocol on Substances that Deplete the Ozone Layer
18. Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal
19. Stockholm Convention on Persistent Organic Pollutants
20. Convention on International Trade in Endangered Species of Wild Fauna and Flora
21. Convention on Biological Diversity
22. Cartagena Protocol on Bio-safety

23. Kyoto Protocol to the United Nations Framework Convention on Climate Change
24. United Nations Single Convention on Narcotic Drugs (1961)
25. United Nations Convention on Psychotropic Substances (1971)
26. United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
27. United Nations Convention against Corruption (Mexico)

## List of Labor Laws

- 1- Bonded Labor System (Abolition) Act, 1992
- 2- Companies Profits (Workers' Participation) Act, 1968
- 3- Disabled Persons (Employment and Rehabilitation) Ordinance, 1981
- 4- Employees' Cost of Living (Relief) Act, 1973
- 5- Employment (Record of Services) Act, 1951
- 6- Employment of Children Act, 1991
- 7- Essential Personnel (Registration) Ordinance, 1948
- 8- The Payment of Wages Act, 1936
- 9- The Provincial Employees' Social Security Ordinance, 1965
- 10- Road Transport Workers Ordinance, 1961
- 11- The Factories Act, 1934
- 12- The Industrial Statistics Act, 1942
- 13- The Minimum Wage Ordinance, 1961
- 14- The Punjab Employees Special Allowance (Payment) Act, 1988
- 15- The Punjab Fair Price Shops (Factories) Ordinance, 1971
- 16- The Punjab Industrial Relations Act, 2010
- 17- The Punjab Weights and Measures (International System) Enforcement Act, 1975
- 18- The Industrial and Commercial Employment (Standing Orders) Ordinance, 1968
- 19- West Pakistan Maternity Benefit Ordinance, 1958
- 20- Minimum Wages for Unskilled Workers Ordinance, 1969
- 21- Shops and Establishments Ordinance, 1969
- 22- The Workers' Welfare Fund Ordinance, 1971
- 23- The Workmen's Compensation Act, 1923
- 24- Workers' Children (Education) Ordinance, 1972



## ANNEXURE-III REFERENCES

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- 15- Database of NEC Consultants Pvt. Ltd
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